

AGENDA
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE
1:30 P.M.
Room WW54
Tuesday, January 07, 2020

SUBJECT	DESCRIPTION	PRESENTER
WELCOME	Opening Remarks	Chairman Jim Patrick
INTRODUCTIONS	New Member: Page	Chairman Jim Patrick
RULES REVIEW	Assignments	Vice Chairman Jeff Agenbroad

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Patrick
Vice Chairman Agenbroad
Sen Martin
Sen Lakey
Sen Guthrie

Sen Thayn
Sen Souza
Sen Ward-Engelking
Sen Burgoyne

COMMITTEE SECRETARY

Linda Kambeitz
Room: WW46
Phone: 332-1333
Email: scom@senate.idaho.gov

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Tuesday, January 07, 2020

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Agenbroad, Senators Martin, Lakey, Guthrie, Thayne, Souza, Ward-Engelking, and Burgoyne

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Patrick** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:30 p.m.

WELCOME: **Chairman Patrick** welcomed everyone to the first meeting. He referred to the various items in the Committee agenda folders and asked the Committee to peruse them.

INTRODUCTION: **Chairman Patrick** introduced Page Beth Bates and asked her to tell the Committee what high school she attended and to provide some background. **Beth Bates** remarked she attended Kimberly High School. She attended Girls' State and was inspired by the instructor to apply to the Page program at the Legislature. Last semester she was a full-time college student at the College of Western Idaho (CWI). She indicated she passed the Emergency Medical Technician test (EMT) this week and her goal is to become a pharmacist.

PASSED THE GAVEL: Chairman Patrick passed the gavel to Vice Chairman Agenbroad to discuss the rules process.

RULES REVIEW: **Vice Chairman Agenbroad** noted the Committee has 43 dockets, including 19 dockets which are fee rules. He remarked the Committee will continue to try to work through the process as effectively and efficiently as possible. Rules will be considered after presentations by the agencies.

Senator Burgoyne stated the minority caucus met with the Legislative Services Office (LSO) staff. He mentioned there was a comparison set of rules available showing changes by highlighted color. He noted pagination is different than the official set of rules and the comparison set has not been given to agencies. **Senator Burgoyne** suggested the Committee may want to use this comparison. A discussion ensued and several Committee members agreed only one version should be used, whether it be the comparison set or the dockets published for the Committee.

Vice Chairman Agenbroad stated rules will be assigned and asked if there was a particular rule of interest, to please advise him.

PASSED THE GAVEL: Vice Chairman Agenbroad passed the gavel to Chairman Patrick.

DISCUSSION: **Senator Souza** and **Senator Burgoyne** discussed how to access the comparison version of the rules and that LSO would email the links.

ADJOURNED: There being no further business at this time, **Chairman Patrick** adjourned the meeting at 1:45 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary

AMENDED AGENDA #1
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE
1:30 P.M.
Room WW54
Thursday, January 09, 2020

SUBJECT	DESCRIPTION	PRESENTER
DOCKET NO.:		
<u>01-0101-1900F</u>	Rules of the Board of Accountancy - Omnibus Rulemaking, p. 4	Kent Absec, Executive Director, Idaho Board of Accountancy
<u>15-0400-1900</u>	Rules of the Office of the Governor, Division of Human Resources and Personnel Commission, Omnibus Rulemaking, p. 283	Susan Buxton, Administrator, Idaho Division of Human Resources
<u>28-0000-1900</u>	Rules of the Department of Commerce, Notice of Omnibus Rulemaking, p. 663	Ewa Szewczyk, Grants and Contract Manager, Idaho Department of Commerce
<u>59-0000-1900</u>	Rules of the Public Employees Retirement System of Idaho, Notice of Omnibus Rulemaking, p. 679	Mike Hampton, Deputy Director, PERSI
<u>33-0000-1900F</u>	Rules of the Real Estate Commission, Notice of Omnibus Rulemaking, Adoption of Pending Fee Rule, p. 338	MiChell Bird, Executive Director, Idaho Real Estate Commission

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Patrick	Sen Thayn
Vice Chairman Agenbroad	Sen Souza
Sen Martin	Sen Ward-Engelking
Sen Lakey	Sen Burgoyne
Sen Guthrie	

COMMITTEE SECRETARY

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MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Thursday, January 09, 2020

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Agenbroad, Senators Martin, Lakey, Guthrie, Thayn, Souza, Ward-Engelking, and Burgoyne

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Patrick** called the Senate Commerce and Human Resources Committee (Committee) meeting to order at 1:30 P.M.

PASSED THE GAVEL Chairman Patrick passed the gavel to Vice Chairman Agenbroad to introduce the presenters for the rules.

DOCKET NO. 01-0101-1900F **Rules of the Board of Accountancy - Omnibus Rulemaking**, page 4. **Kent Absec**, Executive Director, Idaho Board of Accountancy (IBOA), reported there is one chapter which consists of existing rules that have been previously reviewed and approved by the Legislature. **Mr. Absec** indicated nine pages of rules were eliminated for a 36.5 percent reduction and 210 restrictive words were eliminated, representing a 93 percent reduction. He outlined some of the changes by citing a few examples, such as the removal of year-round testing and the return of records of a Certified Public Accountant (CPA). Rules were made easier to read and less confusing. He stated it was easier for a licensed individual who moved from out-of-state to receive their records electronically by no longer requiring the other states to provide a paper report with the status of that individual's license.

DISCUSSION: **Chairman Patrick** queried if there were any substantive changes to the original memos and **Mr. Absec** replied there were none.

MOTION: **Senator Thayn** moved to approve **Docket No. 01-0101-1900F**. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 15-0400-1900 **Rules of the Office of the Governor, Division of Human Resources and Personnel Commission, Omnibus Rulemaking**, p. 283. **Susan Buxton**, Administrator, Idaho Division of Human Resources (IDHR), stated four pages of rules were eliminated to make the rules more concise and 13 outdated rules and 16 definitions were removed.

DISCUSSION: **Vice Chairman Agenbroad** asked if there were any substantive changes since the original memo was issued and **Ms. Buxton** said there were none.

MOTION: **Senator Ward-Engelking** moved to approve **Docket No. 15-0400-1900**. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 28-0000-1900 **Rules of the Department of Commerce, Notice of Omnibus Rulemaking**, p. 663. **Ewa Szewczyk**, Grants and Contract Manager, Idaho Department of Commerce (IDOC), outlined the changes in the rules, indicating eight chapters were reduced to two. There were no changes to the original Memo. She highlighted the changes and reported the guidelines would be reviewed on an annual basis.

- DISCUSSION:** **Chairman Patrick** asked if there were any changes in the memo from July 1, 2019. **Ms. Szewczyk** stated there were none and all grants were combined into one chapter.
- MOTION:** **Senator Martin** moved to approve **Docket No. 28-0000-1900**. **Senator Souza** seconded the motion. The motion carried by **voice vote**.
- DOCKET NO. 59-0000-1900** **Rules of the Public Employees Retirement System of Idaho, Notice of Omnibus Rulemaking**, p. 679. **Mike Hampton**, Deputy Director, Public Employee Retirement System of Idaho (PERSI), detailed the changes that were made within two chapters and the consolidation of nine chapters into two. **Mr. Hampton** highlighted a few changes and indicated Rule 549 was added to explain the order of steps for how to collect a formal withdrawal liability.
- DISCUSSION:** **Chairman Patrick** asked if there were any substantive changes in the memo since July 1, 2019 and **Mr. Hampton** said there were none.

Vice Chairman Agenbroad asked for an explanation of the intent of Rule 549. **Mr. Hampton** said this was done because of an instance where a governmental agency filed for bankruptcy in southern Idaho. Members and employers were asking questions about what the process would be to collect that withdrawal fee. The PERSI Board decided it was best for membership and stakeholders to put definitions in rule to make sure the concept was easily understood.

In response to questions posed by Senator Burgoyne regarding the need for PERSI to make a committed effort to recover any funds that may be due and whether the authority was a taxpayer or supported fee authority, **Mr. Hampton** indicated the authority was an agency formulated by a local authority by statute. He remarked the process of bankruptcy of a public entity and the impact and consequences that are occurring have not been seen before in Idaho.

Senator Lakey and **Mr. Hampton** discussed the status of a public entity that files for bankruptcy and the consequences when Chapter 9 has been filed for reorganization. They discussed the intent of this rule, the end result, and what happens to employee benefits.

Chairman Patrick commented revenue bonds have a risk and the burden is on the lender. Taxing entities could go back to the taxpayers for more money. **Mr. Hampton** indicated PERSI is moving through the process slowly and deliberately to pursue every possible angle in order to not affect any member's retirement.

Senator Burgoyne reiterated the Legislature needs to look into this issue. He remarked it is difficult to imagine how a government entity can get into this situation.

In response to a question posed by Senator Lakey, **Mr. Hampton** stated if a public entity goes bankrupt, once they withdraw, they cannot participate in PERSI in the future.

- MOTION:** **Senator Ward-Engelking** moved to approve **Docket No. 59-0000-1900**. **Senator Thayne** seconded the motion. The motion carried by **voice vote**.
- DOCKET NO. 33-0000-1900F** **Rules of the Real Estate Commission, Notice of Omnibus Rulemaking, Adoption of Pending Fee Rule** p. 338. **Michelle Bird**, Executive Director, Idaho Real Estate Commission (IREC), provided an overview of the changes made by the IREC, that included eliminating two chapters of rules and reducing 28 pages to four pages. She commented fee rules were put into a table for clarity. The most beneficial change was to eliminate the chapter on handling contested cases, since this chapter aligned with the Attorney General's rules.

- DISCUSSION:** **Senator Burgoyne** and **Ms. Bird** discussed agency rules versus the Attorney General's rules. **Ms. Bird** advised the changes were minor and not superior to the Attorney General's rules.
- MOTION:** **Senator Souza** moved to approve **Docket No. 33-0000-1900F**. **Senator Martin** seconded the motion. The motion carried by **voice vote**.
- PASSED THE GAVEL:** Vice Chairman Agenbroad passed the gavel to Chairman Patrick.
- Chairman Patrick** thanked the agencies for all of their hard work.
- ADJOURNED:** There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:08 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary

AMENDED AGENDA #2
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE
1:30 P.M.
Room WW54
Tuesday, January 14, 2020

SUBJECT	DESCRIPTION	PRESENTER
MINUTES APPROVAL	Minutes of January 7, 2020	Vice Chairman Agenbroad
DOCKET NO.:		
<u>10-0000-1900F</u>	Rules of Professional Engineers & Professional Land Surveyors, Fee Rule, p. 119	Keith Simila, Executive Director
<u>17-0000-1900</u>	Rules of the Industrial Commission, p. 323	Kamerron Monroe, Commission Secretary
<u>17-0000-1900F</u>	Rules of the Industrial Commission, Fee Rule, p. 177	Sonnet Robinson, Referee
<u>24-0101-1900F</u>	Rules of the Bureau of Occupational Licenses, Rules of the Board of Architectural Examiners, Fee Rule, p. 222	Kelley Packer, Idaho Bureau of Occupational Licenses, Bureau Chief
<u>24-2001-1900</u>	Rules of the Bureau of Occupational Licenses, p. 657	Kelley Packer, Bureau Chief
<u>24-0401-1900F</u>	Rules of the Board of Registration for Professional Geologists, Fee Rule, p. 231	Kelley Packer, Bureau Chief
<u>24-0701-1900F</u>	Rules of the Idaho State Board of Landscape Architects, Fee Rule, p. 241	Kelley Packer, Bureau Chief
<u>24-0801-1900F</u>	Rules of the State Board of Morticians, Fee Rule, p. 247	Kelley Packer, Bureau Chief
<u>24-1801-1900F</u>	Rules of the Real Estate Appraisal Board, Fee Rule, p. 259	Kelley Packer, Bureau Chief
<u>24-2501-1900F</u>	Rules of the Idaho Driving Business Licensure Board, Fee Rule, p. 287	Kelley Packer, Bureau Chief
<u>24-2801-1900F</u>	Rules of the Barber and Cosmetology Services Licensure Board, Fee Rule, p. 302	Kelley Packer, Bureau Chief
<u>24-2901-1900F</u>	Rules of Procedure of the Idaho Certified Shorthand Reporters Board, Fee Rule, p. 330	Kelley Packer, Bureau Chief
<u>24-2101-1900F</u>	Rules of the Idaho State Contractors Board, Fee Rule, p. 276	Rob McQuade, Legal Counsel, Idaho Bureau of Occupational Licenses
<u>24-2201-1900F</u>	Rules of the Idaho State Liquefied Petroleum Gas Safety Board, Fee Rule, p. 281	Rob McQuade, Legal Counsel

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Patrick
Vice Chairman Agenbroad
Sen Martin
Sen Lakey
Sen Guthrie

Sen Thayn
Sen Souza
Sen Ward-Engelking
Sen Burgoyne

COMMITTEE SECRETARY

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MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Tuesday, January 14, 2020

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Agenbroad, Senators Martin, Lakey, Guthrie, Thayn, Souza, Ward-Engelking, and Burgoyne

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the Minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Patrick** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:30 p.m.

MINUTES APPROVAL: **Vice Chairman Agenbroad** moved to approve the minutes of January 7, 2020. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

PASSED THE GAVEL: Chairman Patrick passed the gavel to Vice Chairman Agenbroad to introduce the presenters for the rules being heard.

Vice Chairman Agenbroad stated that since Keith Simila, Executive Director, Idaho Professional Engineers and Professional Land Surveyors (IPELS) was not present, he was going to move this rule presentation further down on the agenda.

DOCKET NO. 17-0000-1900 **Rules of the Idaho Industrial Commission (IIC)**, p. 323. **Kamerron Monroe**, IIC, Secretary, outlined the rules and highlighted the changes. **Ms. Monroe** stated 271 words and 10 chapters were eliminated. She remarked chapters were aligned and correlated within Idaho Code. **Ms. Monroe** noted many of the Crime Victim's rules had not been updated since 1986. The section pertaining to the Peace Officer and Detention Officer Disability Fund was removed from an unrelated prior chapter, making it a separate chapter for easier navigation.

DISCUSSION: **Senator Thayn** queried if input was received from stakeholders. **Ms. Monroe** stated input and comments were received and taken into consideration when revisions were made.

MOTION: **Senator Burgoyne** moved to approve **Docket No. 17-0000-1900**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 17-0000-1900F **Rules of the Idaho Industrial Commission (IIC), Fee Rule**, p. 177. **Sonnet Robinson**, IIC, Referee, outlined the rules and highlighted the changes. **Ms. Robinson** remarked some of the same definitions were in multiple places, which were consolidated into a definitions section. Workers' compensation rules and insurance carrier rules were combined into separate chapters respectively, making it easier to search for and find a specific topic. The rule requiring a bank card contract to "include the full text in English, Spanish, and any other language common to the claimant population" was changed to now read, "include the full text to communicate all terms and conditions."

DISCUSSION: **Senator Burgoyne** asked if the Workers' Compensation Commission (Commission) reviewed the rules. **Ms. Robinson** explained feedback from the Commission was taken into account and changes were made based on suggestions.

Chairman Patrick stated for the record he had a conflict of interest pursuant to Senate Rule 39(H) as he was a member of the Commission Advisory Committee, but intended to vote. He complimented the IIC for all of their hard work in conducting a thorough rules review.

MOTION: **Senator Burgoyne** moved to approve **Docket No. 17-0000-1900F**. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 10-0000-1900F **Rules of Professional Engineers and Professional Land Surveyors (IPELS), Fee Rule**, p. 119. **Keith Simila**, IPELS, Executive Director, indicated his agency reviewed rules to identify and eliminate those that were obsolete, outdated, or unnecessary. **Mr. Simila** outlined the accomplishments of the agency. He highlighted some of the specific changes, including amending the continuing professional development rule; removing a time limit on when the IPELS Board would receive a complaint; removing the limitation on publishing disciplinary actions; and the addition of an option for the IPELS Board to waive late fees for late renewals due to extenuating circumstances.

DISCUSSION: **Chairman Patrick** asked for clarification on the statute of limitations process outlined in the rule. **Mr. Simila** explained a process was provided for a person to file a written affidavit to commence a disciplinary investigation at the IPEL Board's discretion. Initially there was a time limit imposed on how long the IPELS Board should wait to conduct disciplinary action. The Idaho Supreme Court ruled waiting over two years to impose disciplinary action was unacceptable.

MOTION: **Senator Guthrie** moved to approve **Docket No. 10-0000-1900F**. **Senator Souza** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 24-0101-1900F **Rules of the Bureau of Occupational Licenses (IBOL), Rules of the Board of Architectural Examiners, Fee Rule**, p. 222. **Kelley Packer**, IBOL, Bureau Chief, highlighted the changes, including the renewal and reinstatement of licenses; removing the term "bureau" from definitions sections; the Shorthand Reporters Board removal of the vague term, "crime involving moral turpitude;" and in the Geologist Board Rules, the seal was removed because it has not been used in over ten years. **Ms. Packer** stated all of the boards and commissions met a total of 27 times to reauthorize and review the rules to identify and eliminate obsolete, outdated, or unnecessary rules, and looked for ways to simplify those rules. Four of the 11 chapters underwent the Red Tape Reduction Act review with the remaining eight chapters to be reviewed this summer.

DISCUSSION: **Vice Chairman Agenbroad** stated there would be a vote on each docket. There were no questions.

MOTION: **Senator Ward-Engelking** moved to approve **Docket No. 24-0101-1900F**. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 24-2001-1900 **Rules of the Bureau of Occupational Licenses (IBOL)**, p. 657. **Kelley Packer**, IBOL, Bureau Chief, had no further information to present. There were no questions.

MOTION: **Senator Thayn** moved to approve **Docket No. 24-2001-1900**. **Senator Guthrie** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 24-0401-1900F **Rules of the Board of Registration for Professional Geologists, Fee Rule**, p. 231. **Kelley Packer**, Idaho Bureau of Occupational Licenses (IBOL), Bureau Chief, had no further information to present. There were no questions.

- MOTION:** **Senator Lakey** moved to approve **Docket No. 24-0401-1900F**. **Senator Martin** seconded the motion. The motion carried by **voice vote**.
- DOCKET NO. 24-0701-1900F** **Rules of the Idaho State Board of Landscape Architects, Fee Rule**, p. 241. **Kelley Packer**, Idaho Bureau of Occupational Licenses (IBOL), Bureau Chief, had no more information to present. There were no questions.
- MOTION:** **Senator Martin** moved to approve **Docket No. 24-0701-1900F**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.
- DOCKET NO. 24-0801-1900F** **Rules of the Board of Morticians, Fee Rule**, p. 247. **Kelley Packer**, Idaho Bureau of Occupational Licenses (IBOL), Bureau Chief, had no more information to present. There were no questions.
- MOTION:** **Senator Souza** moved to approve **Docket No. 24-0801-1900F**. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.
- DOCKET NO. 24-1801-1900F** **Rules of the Real Estate Appraisal Board, Fee Rule**, p. 259. **Kelley Packer**, Idaho Bureau of Occupational Licenses (IBOL), Bureau Chief, had no more information to present. There were no questions.
- MOTION:** **Senator Guthrie** moved to approved **Docket No. 24-1801-1900F**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.
- DOCKET NO. 24-2501-1900F** **Rules of the Idaho Driving Business Licensure Board, Fee Rule**, p. 287. **Kelley Packer**, Idaho Bureau of Occupational Licenses (IBOL), Bureau Chief, had no more information to present. There were no questions.
- MOTION:** **Senator Ward-Engelking** moved to approve **Docket No. 24-2501-1900F**. **Senator Souza** seconded the motion. The motion carried by **voice vote**.
- DOCKET NO. 24-2801-1900F** **Rules of the Barber and Cosmetology Services Licensure Board, Fee Rule**, p. 302. **Kelley Packer**, Idaho Bureau of Occupational Licenses (IBOL), Bureau Chief, had no more information to present. There were no questions.
- MOTION:** **Senator Martin** moved to approve **Docket No. 24-2801-1900F**. **Senator Guthrie** seconded the motion. The motion carried by **voice vote**.
- DOCKET NO. 24-2901-1900F** **Rules of Procedure of the Idaho Certified Shorthand Reporters Board, Fee Rule**, p. 330. **Kelley Packer**, Idaho Bureau of Occupational Licenses (IBOL), Bureau Chief, had no more information to present. There were no questions.
- MOTION:** **Senator Souza** moved to approve **Docket No. 24-2901-1900F**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.
- DISCUSSION:** **Chairman Patrick** assured the listening audience that the Committee had reviewed and considered all of the changes in these dockets and found no issues.
- DOCKET NO. 24-2101-1900F** **Rules of the Idaho State Contractors Board (Board), Fee Rule**, p. 276. **Rob McQuade**, Idaho Bureau of Occupational Licenses (IBOL), Legal Counsel, described the changes in the rules for these dockets. He stated there was a need for a fee increase for these two dockets. He noted legal guidance has been for the two boards to carry 12 to 18 months of budget in reserve in case an unexpected cost arose, such as an expensive disciplinary case. The cash balance is closely monitored. If a board has more than 12 to 18 months of reserve, appropriate action to decrease revenue, such as a fee decrease, would be reviewed. Currently, this Board has less than one month of reserve in the budget.
- Mr. McQuade** indicated when a board begins to inch toward the red, appropriate steps are recommended to keep them self-sufficient. In order to avoid going into debt, the Board was proactive and has requested a fee increase, which is only the second time since their inception in 2006, with the last request in 2016. The Board examined where costs could be reduced and new internal processes have

been implemented which has saved some money. Changes to the law have been identified that will significantly reduce investigative costs.

The Board proposes to increase three of its four fees (Application, Reciprocal, and Renewal) from \$15 to \$50.

DISCUSSION: **Senator Guthrie** and **Mr. McQuade** discussed the lack of negotiated rulemaking and the most cost effective way to carry out a fee increase.

Ms. Packer pointed out the IBOL spoke with agencies and corresponded with stakeholders about fee increases. She stated investigative costs have increased since 2016.

Ms. Packer and **Senator Guthrie** discussed compromised workmanship, due process after a complaint has been filed, and the costs associated with investigating complaints.

MOTION: **Senator Ward-Engelking** moved to approve **Docket No. 24-2101-1900F**. **Senator Guthrie** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 24-2201-1900F **Rules of the Idaho State Liquefied Petroleum Gas Safety Board (Board), Fee Rule**, p. 281. **Rob McQuade**, Idaho Bureau of Occupational Licenses (IBOL), Legal Counsel, outlined the changes and the request for a new "facility reinspection fee." He indicated the new fee has been proposed because reinspections are a rising cost to the Board. **Mr. McQuade** noted over the past five years, there has been a 23 percent facility failure rate on inspections. Facilities with less than 10,000 gallons and dispensing to the public is inspected every two years; while bulk storage facilities are inspected every four years. Failure requires a reinspection within 60 days. The Board proposes to have those requiring reinspection bear the cost.

DISCUSSION: **Senator Lakey** asked for clarification of the reinspection fee. **Mr. McQuade** explained that if an entity fails an inspection, they are notified they have 60 days to correct the situation and are reinspected. **Senators Guthrie** and **Martin**, and **Mr. McQuade** discussed the length of time it takes for reinspection.

MOTION: **Chairman Patrick** moved to approve **Docket No. 24-2201-1900F**. **Senator Guthrie** seconded the motion. The motion carried by **voice vote**.

PASSED THE GAVEL: Vice Chairman Agenbroad passed the gavel to Chairman Patrick.

ADJOURNED: There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:18 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary

AGENDA
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE
1:30 P.M.
Room WW54
Thursday, January 16, 2020

SUBJECT	DESCRIPTION	PRESENTER
MINUTES APPROVAL	Minutes of January 9, 2020	Senator Burgoyne
DOCKET NO.:		
<u>07-0000-1900</u>	Rules of the Division of Building Safety, p. 5	Patrick Grace, Regional Manager, Division of Building Safety
<u>07-0000-1900F</u>	Rules of the Division of Building Safety - Fee Rules, p. 21	Patrick Grace
<u>07-0501-1901</u>	Rules of the Public Works Contractors License Board, p. 130	Patrick Grace
<u>07-1101-1901</u>	Rules of the Division of Building Safety (New Chapter), p. 183	Patrick Grace
<u>07-0101-1901</u>	Rules of the Idaho Electrical Board (New Chapter). p. 95	Warren Wing, Electrical Program Manager, Division of Building Safety
<u>07-0301-1901</u>	Rules of Building Safety, p. 119	Jeff Egan, Building Program Manager, Division of Building Safety
<u>07-0701-1901</u>	Rules Governing Installation of HVAC, Division of Building Safety, p. 133	John Nielsen, Plumbing Program and HVAC Manager, Division of Building Safety
<u>07-0701-1902</u>	Rules Governing Installation of HVAC, Division of Building Safety, p. 114 (Fee Rule)	John Nielsen
<u>07-0801-1901</u>	Idaho Minimum Safety Standards and Practices for Logging, p. 144	Larry Jeffres, Region 1 Manager, Division of Building Safety
<u>18-0000-1900</u>	Rules of the Idaho Department of Insurance, p. 333	Dean Cameron, Idaho Department of Insurance, Director
<u>18-0000-1900F</u>	Rules of the Idaho Department of Insurance, Fee Rule, p. 209	Dean Cameron, Director
<u>18-0408-1901</u>	Individual Disability and Group Supplemental Disability Insurance Minimum Standards Rule (Chapter Rewrite), p. 625	Dean Cameron, Director

<u>18-0416-1901</u>	Rules Governing Short-Term Health Insurance Coverage (New Chapter), p. 645	Dean Cameron, Director
<u>18-0606-1901</u>	Rules for the Surplus Line Regulation, p. 652	Dean Cameron, Director

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COMMITTEE MEMBERS

Chairman Patrick
Vice Chairman Agenbroad
Sen Martin
Sen Lakey
Sen Guthrie

Sen Thayn
Sen Souza
Sen Ward-Engelking
Sen Burgoyne

COMMITTEE SECRETARY

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MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Thursday, January 16, 2020

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Agenbroad, Senators Martin, Lakey, Guthrie, Thayn, Souza, Ward-Engelking, and Burgoyne

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Patrick** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:30 p.m.

MINUTES APPROVAL: **Senator Burgoyne** moved to approve the Minutes of January 9, 2020. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

Chairman Patrick announced there would be a change in the agenda and that **Docket No. 07-0801-1901** would be moved to the second slot on the agenda.

PASSED THE GAVEL: Chairman Patrick passed the gavel to Vice Chairman Agenbroad to introduce the presenters for the rules being heard.

DOCKET NO. 07-0000-1900 **Rules of the Division of Building Safety**, p. 5. **Patrick Grace**, Regional Manager, Idaho Division of Building Safety (IDBS), outlined all of the changes and explained there were no substantive changes except for the Logging Safety Chapter. He referred to the document entitled, "Substantive Changes to Reauthorized Logging Safety Rules" (Attachment 1).

MOTION: **Chairman Patrick** moved to approve **Docket No. 07-0000-1900**. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 07-0801-1901 **Idaho Minimum Safety Standards and Practices for Logging**, p. 144. **Larry Jeffres**, Region 1 Manager, Idaho Division of Building Safety (IDBS), outlined the changes in the rules. He emphasized that safety training was a priority and was a common theme throughout the rules.

DISCUSSION: **Chairman Patrick**, **Senator Souza**, and **Mr. Jeffres** discussed how to prevent injuries and the positive effect of the addition of visual illustrations to the rule.

Senator Guthrie asked for an explanation of "any person performing work associated with the logging operation." **Mr. Jeffres** indicated the new language in the rule was to encompass those on site actually performing the work, which also included truck drivers. The intent was to provide training that would be life-saving.

MOTION: **Senator Souza** moved to approve **Docket No. 07-0801-1901**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
07-0000-1900F**

Rules of the Division of Building Safety - Fee Rules, p. 21. **Patrick Grace**, Regional Manager, Idaho Division of Building Safety (IDBS), indicated this docket was similar to the previous docket, but this was a fee rule. The substantive changes were in the plumbing rules where a fee table was inserted and a fee of \$65 was established for modular buildings. Another item was amended addressing expired certificates. **Mr. Grace** reported there was no electrical code in this docket or in the first docket since those rules were moved into an existing docket due to the consolidation of the rules.

MOTION:

Senator Guthrie moved to approve **Docket No. 07-0000-1900F**. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
07-0501-1901**

Rules of the Idaho Public Works Contractors License Board (IPWCL), p. 130. **Patrick Grace**, Regional Manager, Idaho Division of Building Safety (IDBS), outlined the accomplishments of the IPWCL and the IDBS, including a 20 percent reduction in IPWCL renewal license fees across all classes of licenses.

DISCUSSION:

Vice Chairman Agenbroad queried why this was not a fee rule and **Mr. Grace** stated there was no fee added.

Senator Martin and **Mr. Grace** discussed any possible negative fiscal impact on the dedicated funds over the next year represented by the reduction in fees.

Chairman Patrick queried why this was not a fee rule. **Dennis Stevenson**, State Administrative Rules Coordinator, Office of the Administrative Rules Coordinator, Idaho Department of Administration (IDOA), reported this was included in the omnibus fee rule and adjustments could be made to treat this rule like a fee docket. A concurrent resolution would be needed. He suggested the Committee hold any action on this rule until adjustments could be made, stating this rule had not yet been handled by the House.

MOTION:

Senator Lakey moved that **Docket No. 07-0501-1901** be held in Committee subject to the Call of the Chair. **Senator Guthrie** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
07-1101-1901**

Rules of the Division of Building Safety (New Chapter) (IDBS), p. 183. **Patrick Grace**, Regional Manager, IDBS, gave a brief background relating to certain members of the armed forces, including recently separated members and national guard members, veterans, and spouses in regards to applications for professional licensing in Idaho. **Mr. Grace** outlined the accomplishments of the rulemaking.

MOTION:

Senator Lakey moved to approve **Docket No. 07-1101-1901**. **Senator Souza** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
07-0101-1901**

Rules of the Idaho Electrical Board (New Chapter), p. 95. **Warren Wing**, Electrical Program Manager, Idaho Division of Building Safety (IDBS), noted there were various amendments to eliminate barriers to retaining or renewing an apprentice registration. He outlined the changes. **Mr. Wing** indicated this rulemaking also incorporated the omnibus reauthorized rulemaking provisions in which ten chapters of electrical rules were consolidated into one chapter, with Red Tape Reduction amendments included.

Mr. Wing described the licensure history for licensed journeymen and apprentices. He affirmed there were language reductions because there is an online application process.

- DISCUSSION:** **Senator Souza** and **Mr. Wing** discussed details about the reciprocity of licenses and education requirements.
- In response to a question about fees from Senator Agenbroad, **Mr. Wing** indicated he was not sure if this was a fee rule because the language is in the existing fee rules. **Dennis Stevenson**, State Administrative Rules Coordinator, Office of the Administrative Rules Coordinator, Idaho Department of Administration (IDOA), indicated this rule should have been included in the fee book as part of the omnibus rules.
- MOTION:** **Chairman Patrick** moved that **Docket No. 07-0101-1901** be held in Committee subject to the Call of the Chair. **Senator Thayne** seconded the motion. The motion carried by **voice vote**.
- DOCKET NO. 07-0301-1901** **Rules of Building Safety**, p. 119. **Jeff Egan**, Building Program Manager, Idaho Division of Building Safety (IDBS), outlined the changes in the rule, indicating the 2018 editions of the International Building Code (IBC), International Existing Building Code (IEBC), the International Energy Code (IEC), and the 2012 Idaho Residential Code (IRC) provide revisions and clarifications that streamlined the codes and made them easier to understand and apply. He noted the 2018 editions of these codes also provide enhanced building safety requirements and address emerging building technologies, while reducing building requirements and expanding building options. **Mr. Egan** stated by adoption of the 2018 editions of these codes Idaho will be up-to-date with the latest industry building standards.
- DISCUSSION:** **Senator Lakey** requested Mr. Egan provide a summary of the revisions, including major changes between 2015 to 2018. **Senator Lakey** noted the code is all about safety and he did not see the IEC promoting safety. He questioned whether that code should be adopted.
- TESTIMONY:** **Jason Blase**, President, Idaho Association of Building Officials (IABO) and Board member of the Idaho State Building Code Board (ISBCB), reported the ISBCB has a summary of the significant changes. The Energy Code was addressed during the review of the rules and included in the 2018 revisions.
- DISCUSSION:** **Senator Burgoyne** and **Mr. Blase** discussed whether safety issues were addressed in the IEC, which covers building thermal envelope, lighting, mechanical systems, and water heating systems. **Mr. Blase** stated all of those have a safety component. There could be issues if these items are not installed properly.
- MOTION:** **Senator Burgoyne** moved that **Docket No. 07-0301-1901** be held in Committee subject to the Call of the Chair. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.
- DOCKET NO. 07-0701-1901** **Rules Governing Installation of Heating, Ventilation, and Air Conditioning (HVAC)**, Idaho Division of Building Safety (IDBS), p. 133. **John Nielsen**, Plumbing Program and HVAC Manager, IDBS, outlined the changes and adoptions in the rule, indicating some items were eliminated and simplified in the rules. He mentioned the changes retain Idaho amendments to the 2012 IRC Code.
- MOTION:** **Senator Martin** moved to approve **Docket No. 07-0701-1901**. **Chairman Patrick** seconded the motion.
- DISCUSSION:** **Senator Lakey** indicated that since the new code had significant changes, he wanted to hold the docket for further review. **Senator Martin** withdrew his motion. **Chairman Patrick** withdrew his second.

MOTION: **Senator Lakey** moved that **Docket No. 07-0701-1901** be held in Committee subject to the Call of the Chair. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 07-0701-1902 **Rules Governing Installation of Heating, Ventilation, and Air Conditioning (HVAC)**, p. 114 (Fee Rule). **John Nielsen**, Plumbing Program and HVAC Manager, Idaho Division of Building Safety (IDBS), outlined the changes and adoptions in the rule, and indicated some items were eliminated and simplified in the rules. He pointed out this proposed rulemaking would calculate fees based on the number of systems, fixtures, appliances, zones, outlets, or ducts instead of being based on square footage.

DISCUSSION: A discussion ensued among the Committee and Dennis Stevenson, State Administrative Rules Coordinator, Office of the Administrative Rules Coordinator, Idaho Department of Administration (IDOA), on whether this docket was a fee rule and whether the Committee could proceed. **Mr. Stevenson** assured the Committee this was not a fee rule and clarified that only an omnibus rule would have an "F" if it was a fee rule.

MOTION: **Senator Guthrie** moved to approve **Docket No. 07-0701-1902**. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

PASSED THE GAVEL: Vice Chairman Agenbroad passed the gavel to Chairman Patrick.

Chairman Patrick stated the Department of Insurance Dockets would be continued at the next regular meeting of the Committee.

ADJOURNED: There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:56 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary

Substantive Changes to Reauthorized Logging Safety Rules Docket No. 07-0000-1900

(page numbers refer to Senate Commerce Pending Rule Book)

1. Page 27: Section 051 subsection 04 (First Aid Training) was amended to clarify that all workers working with an active logging operation are required to take first aid training.
2. Page 43: Section 351 subsection 10 (Inspection of Rigging) – paragraph (a) was amended to add a requirement that inspection of blocks, straps, guylines, and rigging be repeated every (30) days for as long as the rigging is in position, and to keep documentation of such inspections onsite.
3. Page 48: Section 353 subsection 03 (Wire Rope Clips or Clamps) – paragraph (e) was added to the rules.
4. Page 50: Section 402 subsection 01 (Operating Condition)– paragraph (b) was added to the rules
5. Page 52: Section 452 subsection 05 (Safety E) was added to the rules based on previous instances of injury and death because individuals were entering the area of the radius.
6. Page 63: Section 454 subsection 12 (Line Connections) – paragraph (d)(i) & (ii), and paragraph (f) (i) & (ii) were added to the rules.
7. Page 74: Section 501 subsection 10 (Number of Wrappers Required) – paragraph (a) was amended to provide that “wrappers be placed in positions that effectively secure the load” and that “one wrapper shall be placed within ten (10) feet of each bunk” – the previous rule provided “within six (6) feet of each bunk”
8. Pages 77 & 78: Section 501 subsection 12 (Construction of Wrappers and Binders) – the word “Wrappers was added to the title of the subsection; paragraph (c) was amended to require “each” wrapper to have a minimum breaking strength, and paragraph (d) was added to the rules.
9. Page 78: Section 501 subsection 15 (Binders & Wrappers Placed in Landing Area) was amended to add the last sentence because industry wanted to ensure wrapping at a safe spot *in sight of the loader*.
10. Pages 82 and 83: Section 551 subsection 01 (Log Dumps, Landings, Log Handling Equipment, Loading and Unloading) – many outdated and unnecessary rules related to obsolete logging practices were deleted. The deleted (struck) language does not appear in the Pending Rule Book. However, it started on page 81 at subsection (aa).

Attachment 1

AGENDA
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE
1:30 P.M.
Room WW54
Tuesday, January 21, 2020

SUBJECT	DESCRIPTION	PRESENTER
DOCKET NO.:		
<u>18-0000-1900</u>	Rules of the Idaho Department of Insurance, p. 333	Dean Cameron, Director, Idaho Department of Insurance
<u>18-0000-1900F</u>	Rules of the Idaho Department of Insurance, Fee Rule, p. 209	Dean Cameron
<u>18-0408-1901</u>	Individual Disability and Group Supplemental Disability Insurance Minimum Standards Rule (Chapter Rewrite), p. 625	Dean Cameron
<u>18-0416-1901</u>	Rules Governing Short-Term Health Insurance Coverage (New Chapter), p. 645	Dean Cameron
<u>18-0606-1901</u>	Rules for the Surplus Line Regulation, p. 652	Dean Cameron
<u>12-0000-1900</u>	Rules of the Idaho Department of Finance, p. 255	Anthony Polidori, Consumer Finance Bureau Chief, Idaho Department of Finance
<u>12-0000-1900F</u>	Rules of the Department of Finance, Fee Rule, p. 140	Anthony Polidori
<u>12-0109-1901</u>	Rules Pursuant to the Idaho Credit Code, p. 274	Anthony Polidori
<u>12-0110-1901</u>	Rules Pursuant to the Idaho Residential Mortgage Practices Act, p. 277	Anthony Polidori
<u>12-0111-1901</u>	Rules Pursuant to the Idaho Collection Agency Act, p. 280	Anthony Polidori
<u>12-0108-1901</u>	Rules Pursuant to the Uniform Securities Act (2004), p. 268	Patty Highley, Senior Securities Analyst, Idaho Department of Finance

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Patrick	Sen Thayn
Vice Chairman Agenbroad	Sen Souza
Sen Martin	Sen Ward-Engelking
Sen Lakey	Sen Burgoyne
Sen Guthrie	

COMMITTEE SECRETARY

Linda Kambeitz
Room: WW46
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MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Tuesday, January 21, 2020

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Agenbrood, Senators Martin, Lakey, Guthrie, Thayn, Souza, Ward-Engelking, and Burgoyne

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Patrick** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:30 p.m.

PASSED THE GAVEL: Chairman Patrick passed the gavel to Vice Chairman Agenbrood to introduce the presenters for the rules being heard.

DOCKET NO. 18-0000-1900 **Rules of the Idaho Department of Insurance (IDOI)**, p. 333. **Dean Cameron**, Director, IDOI, outlined the changes and adoptions in the rule. He noted after discussion with the title industry, it was determined that the requirement for title agents to provide the IDOI with an audit of their escrow accounts every three years was not necessary because underwriters typically audit their accounts on an annual basis. These audits will be used by the IDOI to ascertain compliance with statute. The annual cumulative value limit of self-promotional items to each recipient was causing overly burdensome documentation for title agents and was eliminated.

MOTION: **Senator Lakey** moved to approve **Docket No. 18-0000-1900**. **Senator Souza** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 18-0000-1900F **Rules of the Idaho Department of Insurance (IDOI), Fee Rule**, p. 209. **Dean Cameron**, Director, IDOI, outlined the changes and adoptions in the rule. He reported two fees were eliminated. He noted most fees are collected as part of the licensing system. The sprinkler system fees collected under the fire protection rule remained the same.

MOTION: **Senator Guthrie** moved to approve **Docket No. 18-0000-1900F**. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 18-0408-1901 **Individual Disability and Group Supplemental Disability Insurance Minimum Standards Rule (Chapter Rewrite)**, p. 625. **Dean Cameron**, Director, Idaho Department of Insurance (IDOI), outlined the changes and adoptions in the rule. **Mr. Cameron** indicated this rule applies to all individual and group policies and certificates providing hospital confinement indemnity, disability income protection, accident only, specified disease, specified accident, or limited benefit health coverage. This is referred to collectively as "supplementary disability insurance," delivered, issued for delivery, continued or renewed in this state, or covering a resident of this state, unless specifically exempted. **Mr. Cameron** noted the major change in this rule was the removal of unnecessary and ambiguous language. Sections addressing major medical coverage were reorganized and some were removed.

Mr. Cameron reported the terms and coverages of individual and group supplementary disability insurance were standardized; facilitate public

understanding and comparison of coverage; eliminate provisions that may be misleading or confusing in connection with the purchase of the coverages or with the settlement of claims; and provide for full disclosure in the marketing and sale of this insurance. **Mr. Cameron** stated several sections on specific disease coverage were combined. The application of supplemental policies was clarified, a potential loophole was closed, language was clarified, and disclosures added. Negotiated rulemaking was conducted.

MOTION: **Senator Souza** moved to approve **Docket No. 18-0408-1901**. **Senator Guthrie** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 18-0416-1901 **Rules Governing Short-Term Health Insurance Coverage (New Chapter)**, p. 645. **Dean Cameron**, Director, Idaho Department of Insurance (IDOI), outlined the changes and adoptions in the rule. **Mr. Cameron** indicated negotiated rulemaking was conducted. He outlined some of the major components, stating the rules promulgated an impact on both the traditional short-term plans, which previously had no rules, and enhanced short-term plans. He stated rules were issued on an emergency basis and a pending basis so carriers would be able to develop plans. Four of the five plans have an actuarial value of Bronze plans or higher, with two plans qualifying at the Silver plan level. Renewal is guaranteed, meaning a client cannot be forced out for up to 36 months and can also convert to an Affordable Care Act (ACA) plan. All of the five plans cover essential health benefits. Rates are tied to the same index rate. This plan acts as a buffer for those who have not signed up for insurance.

TESTIMONY: **Mike Reynoldson**, Senior Vice President, Government Affairs and Public Relations, Blue Cross of Idaho, testified in support of the rule. He noted the ACA plans are very expensive and this new plan is affordable and offers many options. **Mr. Reynoldson** highlighted the positive aspects of this plan.

DISCUSSION: **Senator Lakey** and **Mr. Reynoldson** discussed why this plan is less expensive than the ACA plan. They discussed managing risk factors and the evaluation of individuals based on their health and lifestyle. **Mr. Reynoldson** indicated the ACA plan does not allow for this type of evaluation. With this short-term plan, clients are given a discount so they are not paying for coverage they do not need.

Senator Souza and **Mr. Reynoldson** had a discussion about customizing insurance coverage to meet the needs of the client and examining an affordable insurance option for middle-class Idahoans. Idaho is a pioneer in ensuring plans are robust, but still allowing flexibility.

In response to a question from **Senator Martin** about the effect this new policy had on Medicaid expansion, **Mr. Reynoldson** replied that fewer insureds have moved off of the Medicaid plan than anticipated. **Senator Burgoyne** and **Mr. Reynoldson** discussed pre-existing conditions, waiting periods, differences in plans, cost, and discounts.

MOTION: **Senator Thayn** moved to approve **Docket No. 18-0416-1901**. **Senator Lakey** seconded the motion.

DISCUSSION: **Senator Lakey** and **Mr. Cameron** discussed the attraction of healthy clients back into the pool, which comes from rule, with guidance from the federal government. **Senator Burgoyne** stated the rule implements a policy choice made at the federal level and articulated at the state level.

Senator Ward-Engelking and **Mr. Cameron** discussed access and attraction to this plan. The young and healthy will be attracted back into the overall risk pool, which has both the ACA and enhanced short-term plans. These plans will provide the added benefit to early diagnoses of problems that could occur.

- VOICE VOTE:** The motion to approve **Docket No. 18-0416-1901** carried by **voice vote**.
- DOCKET NO. 18-0606-1901** **Rules for the Surplus Line Regulation**, p. 652. **Dean Cameron**, Director, Idaho Department of Insurance (IDOI), reported this is not a traditional product that can be offered to consumers. This rule provides procedures for the placement of surplus lines insurance. This is not health coverage, but more property coverage. He stated this rule was not renewed. Conditions could be issued by statute, rule, or order. **Mr. Cameron** remarked the Director of the IDOI can issue an order. The old rule was long and full of conditions. **Mr. Cameron** stated the IDOI wanted carriers to work through traditional insurance companies that are traditionally licensed. Everything is combined into one rule, which allows the IDOI to be more responsive.
- MOTION:** **Chairman Patrick** moved to approve **Docket No. 18-0606-1901**. **Senator Guthrie** seconded the motion. The motion carried by **voice vote**.
- DOCKET NO. 12-0000-1900** **Rules of the Idaho Department of Finance (IDOF)**, p. 255. **Anthony Polidori**, Consumer Finance Bureau Chief, IDOF, outlined and highlighted the changes in this rule. He indicated mortgage origination rules that duplicated existing statutes were eliminated, making mortgage rules more readable and less confusing when compared with statutory requirements. He stated consumer finance rules that were obsolete or redundant due to existing statute were eliminated to provide greater clarity to Idaho credit unions.
- MOTION:** **Senator Burgoyne** moved to approve **Docket No. 12-0000-1900**. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.
- DOCKET NO. 12-0000-1900F** **Rules of the Idaho Department of Finance (IDOF), Fee Rule**, p. 140. **Anthony Polidori**, Consumer Finance Bureau Chief, IDOF, outlined the changes in this rule. He highlighted the elimination of the Idaho Endowment Care Cemetery Act (IECCA) rules in their entirety. The elimination of these rules will make compliance with this IECCA more straightforward and easier to understand for applicants. **Mr. Polidori** remarked the fees or charges authorized in this rulemaking are based upon pre-existing rules previously promulgated by the IDOF and reviewed and approved by the Legislature. These rules support the IDOF's orderly supervision of the offer and sale of securities to Idaho citizens.
- MOTION:** **Senator Thayn** moved to approve **Docket No. 12-0000-1900F**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.
- DOCKET NO. 12-0109-1901** **Rules Pursuant to the Idaho Credit Code**, p. 274. **Anthony Polidori**, Consumer Finance Bureau Chief, Idaho Department of Finance (IDOF), outlined the changes in this rule. **Mr. Polidori** stated if approved, the effect of this rule would be to promote consistent, uniform, and familiar industry standards in the marketplace by updating references to the Federal Consumer Credit Protection Act (FCCPA) and its implementing regulations, as amended through January 1, 2020. **Mr. Polidori** pointed out updating references to federal laws and regulations is an effort by the IDOF to avoid exposing Idaho's consumer finance licensees to inconsistencies in federal and state requirements. He gave a brief synopsis of incorporation by reference materials previously adopted in statute and proposed newly revised or amended versions.
- MOTION:** **Senator Souza** moved to approve **Docket No. 12-0109-1901**. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
12-0110-1901**

Rules Pursuant to the Idaho Residential Mortgage Practices Act, p. 277. **Anthony Polidori**, Consumer Finance Bureau Chief, Idaho Department of Finance (IDOF), outlined the changes in this rule. **Mr. Polidori** stated if approved, the effect of this rule would be to promote consistent, uniform, and familiar industry standards in the marketplace by updating references to federal laws and regulations (Truth-in-Lending Act and Regulation Z - Real Estate Settlement Procedures Act and Regulation X) as amended through January 1, 2020. **Mr. Polidori** pointed out updating references to federal laws and regulations is an effort by the IDOF to avoid exposing Idaho's consumer finance licensees to inconsistencies in federal and state requirements. He gave a brief synopsis of incorporation by reference materials previously adopted in statute and proposed newly revised or amended versions.

MOTION:

Senator Guthrie moved to approve **Docket No. 12-0110-1901**. **Senator Martin** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
12-0111-1901**

Rules Pursuant to the Idaho Collection Agency Act, p. 280. **Anthony Polidori**, Consumer Finance Bureau Chief, Idaho Department of Finance (IDOF), outlined the changes in this rule. **Mr. Polidori** noted that if approved, this rule would provide a contemporary reference and definition for the Fair Debt Collection Practices Act, 15 United States Code 1692, originally incorporated by reference in the Idaho Collection Agency Act. **Mr. Polidori** remarked updating references to federal laws and regulations is an effort by the IDOF to avoid exposing Idaho's collection agency licensees to inconsistencies in federal and state requirements.

MOTION:

Senator Martin moved to approve **Docket No. 12-0111-1901**. **Senator Thayne** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
12-0108-1901**

Rules Pursuant to the Uniform Securities Act (2004), p. 268. **Patty Highley**, Senior Securities Analyst, Idaho Department of Finance (IDOF), outlined the changes in this rule. **Ms. Highley** stated if approved, this rule would update references to federal law and allow continued authorization to require and accept agent filings and fees associated with those agents that offer and sell securities under federal Regulation A Tier 2 offerings and retain the ability to identify who is soliciting in the State of Idaho.

MOTION:

Senator Guthrie moved to approve **Docket No. 12-0108-1901**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

**PASSED THE
GAVEL:**

Vice Chairman Agenbroad passed the gavel back to Chairman Patrick.

ADJOURNED:

There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:52 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary

AGENDA
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE
1:30 P.M.
Room WW54
Thursday, January 23, 2020

SUBJECT	DESCRIPTION	PRESENTER
MINUTES	Minutes of January 14, 2020	Senator Martin
APPROVAL	Minutes of January 16, 2020	Senator Guthrie
DOCKET NO.: <u>07-0101-1901</u>	Rules of the Idaho Electrical Board (New Chapter), p. 95 (Fee Rule)	Warren Wing, Electrical Program Manager, Idaho Division of Building Safety
<u>07-0501-1901</u>	Rules of Public Works Contractors License Board, p. 130 (Fee Rule)	Patrick Grace, Regional Manager, Idaho Division of Building Safety
<u>09-0000-1900</u>	Rules of the Idaho Department of Labor, p. 187	Jani Revier, Director, Idaho Department of Labor
<u>09-0130-1902</u>	Unemployment Insurance Benefits Administration Rules, p. 244	Josh McKenna, Benefits Bureau Chief, Idaho Department of Labor
<u>09-0130-1903</u>	Unemployment Insurance Benefits Administration Rules, p. 249	Josh McKenna
<u>RS27429</u>	Relating to Injectable Cosmetics	Jesse Taylor, Idaho Cosmetic Safety Association

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Patrick	Sen Thayn
Vice Chairman Agenbroad	Sen Souza
Sen Martin	Sen Ward-Engelking
Sen Lakey	Sen Burgoyne
Sen Guthrie	

COMMITTEE SECRETARY

Linda Kambeitz
Room: WW46
Phone: 332-1333
Email: scom@senate.idaho.gov

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Thursday, January 23, 2020

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Agenbroad, Senators Martin, Lakey, Guthrie, Thayn, Souza, Ward-Engelking, and Burgoyne

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Patrick** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:30 p.m.

MINUTES APPROVAL: **Senator Martin** moved to approve the Minutes of January 14, 2020. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: **Senator Guthrie** moved to approve the Minutes of January 16, 2020. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

PASSED THE GAVEL: Chairman Patrick passed the gavel to Vice Chairman Agenbroad to introduce the presenters for the rules being heard.

DOCKET NO. 07-0101-1901 **Rules of the Idaho Electrical Board (New Chapter)**, p. 95. **Warren Wing**, Electrical Program Manager, Idaho Division of Building Safety (IDBS), outlined the rule and highlighted the changes. He noted this was included in the omnibus rule in error, but that error has been corrected and this rule stands as a fee rule.

DISCUSSION: **Senator Burgoyne** and **Mr. Wing** discussed the major changes regarding the changes in the rules relating to apprentices. **Mr. Wing** noted the Idaho House of Representatives (House) passed all of the rules with the exception of the number of apprentices a journeyman can supervise. **Mr. Wing** stated with the changes made by the House, a ratio could be whatever a contractor decides, but that industry is currently working with the IDBS to keep the ratios reasonable. However, with the ratios removed from rule, everything is tentative.

Senators Thayn, Lakey, Martin, Chairman Patrick, Vice Chairman Agenbroad, and Mr. Wing discussed why the House rejected part of the rule relating to ratios and what could be done about it, if anything.

TESTIMONY: **Colby Cameron**, Regulatory Analyst, Idaho Division of Financial Management (IDFM), explained it takes both the Senate and the House to authorize a full rule. If the House decided to eliminate a certain part of the rule, there would be a concurrent resolution that includes what the House eliminated.

DISCUSSION: **Senator Burgoyne** asked for an explanation of the fees. **Mr. Wing** noted fees are related to purchasing permits and fees that describe how much licenses cost, which has nothing to do with ratios. **Senator Burgoyne** asked for an explanation of what makes a docket a fee rule. **Colby Cameron**, IDFM, explained if a docket contains a fee, it is a fee rule.

Senator Lakey and **Mr. Wing** discussed the supervision by journeymen of apprentices by a ratio of 2:1, the idea that there must be a limited amount of apprentices, and the potential need for more journeymen.

TESTIMONY: **Chris Jensen**, Administrator, Idaho Division of Building Safety (IDBS), noted many contractors want to hire more journeymen, but can hire apprentices at a lower rate. He outlined ratio adjustment exemptions. The House removed the exemption and the 2:1 ratio, which leaves the IDBS with nothing. **Mr. Jensen** asked the House for a temporary rule. There will be three different rules and the IDBS will endorse one of the three rules.

DISCUSSION: **Senator Lakey** indicated there could be some room for adjustment and stated there should be some sort of a ratio. **Mr. Jensen** commented if a job was federally-authorized, the ratio is mandated at 1:1. He remarked with ratios in place, besides the book work, on-the-job training is imperative.

Senator Souza and **Mr. Jensen** discussed the journeyman-to-apprentice ratio and the changes made by the House to this rule. **Mr. Jensen** noted the statute requires constant supervision of apprentices. The House eliminated the ratio.

MOTION: **Senator Thayne** moved that **Docket No. 07-0101-1901** be held in Committee subject to the call of the Chair. **Senator Souza** seconded the motion.

Senator Burgoyne stated that he had a conflict of interest pursuant to Senate Rule 39H but intended to vote.

Senator Guthrie remarked that if the House does not approve this rule, a temporary rule will be put into place. He reassured Mr. Jensen the action by this Committee would be consistent with the House, with rejection of only part of the rule. **Senator Lakey** mentioned he supported the motion and it was appropriate to obtain more information relating to the ratios.

VOICE VOTE: The motion to hold **Docket No. 07-0101-1901** in Committee subject to the call of the Chair carried by **voice vote**.

DOCKET NO. 07-0501-1901 **Rules of the Public Works Contractors License Board**, p. 130. **Patrick Grace**, Regional Manager, Idaho Division of Building Safety (IDBS), outlined the rule and highlighted the changes. He noted this was included in the omnibus rule in error, but that error has been corrected and this rule stands as a fee rule. **Mr. Grace** explained revenues in the Public Works Construction Fund have been monitored and revenues are outpacing the needs of the program. The IDBS wanted to reduce renewal fees by 20 percent.

MOTION: **Senator Lakey** moved to approve **Docket No. 07-0501-1901**. **Senator Martin** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 09-0000-1900 **Rules of the Idaho Department of Labor**, p. 187. **Jani Revier**, Director, Idaho Department of Labor (IDOL), outlined the rule and highlighted the changes. She indicated restrictive words were reduced by more than half. She noted there are no substantive changes.

MOTION: **Senator Thayne** moved to approve **Docket No. 09-0000-1900**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
09-0130-1902**

Unemployment Insurance Benefits Administration Rules, p. 244. **Josh McKenna**, Benefits Bureau Chief, Idaho Department of Labor (IDOL), outlined the rule and highlighted the changes. He indicated the IDOL became aware of individuals who were leaving the state and collecting unemployment insurance to attend approved training. The IDOL worked with the Idaho Attorney General's office, finding no exception to the law or rules to allow those individuals unemployment benefits when leaving the State of Idaho for training. More advanced training is not always available in the State of Idaho. A temporary rule was implemented in March 2019 to allow these workers to receive unemployment insurance benefits while attending training. **Mr. McKenna** explained approval of this rule will allow unemployment insurance claimants to leave the area to attend approved training when they cannot find it locally. Trade industry workers will be allowed to upgrade their skills to compete in an ever-evolving labor market.

Mr. McKenna described the second change in the rule relating to claimants leaving the country. He noted there is nothing in rule or statute preventing a claimant from temporarily leaving the country and still receiving unemployment benefits. Leaving the country is contrary to the goals of the United States (U.S.) economy, since the unemployment insurance program is set up for U.S. workers to support them during the time of job loss, and for U.S. employers to place workers back into the workforce when work begins again. He stated negotiated rulemaking was conducted for this rule.

MOTION:

Senator Martin moved to approve **Docket No. 09-0130-1902**. **Senator Thayne** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
09-0130-1903**

Unemployment Insurance Benefits Administration Rules, p. 249. **Josh McKenna**, Benefits Bureau Chief, Idaho Department of Labor (IDOL), outlined the rule and highlighted the changes. **Mr. McKenna** noted there was an incorrect Code of Federal Regulations (CFR) reference, the rule was poorly written, and updates to the American with Disabilities Act (ADA) made the rule outdated. This section was revamped which now requires medical documentation and allows other additional documents to prove a disability. **Mr. McKenna** stated the rule today places different criteria on individuals with disabilities compared to individuals without disabilities. This could be seen as discriminatory. Now added to the rule is that the claimant has the burden of proving their disability. This change matches existing rules of the ADA. He stated negotiated rulemaking was conducted for this rule.

DISCUSSION:

In response to questions from Senator Burgoyne, **Mr. McKenna** advised during negotiated rulemaking, there were three comments from disability organizations. **Senator Souza** asked for more explanation. **Mr. McKenna** responded that a ratio or equivalent of working full-time is applied in the formula for disabled claimants who apply for unemployment and who are not able to work full-time. The more consistent the wages, the more weeks of unemployment are awarded, for a maximum of 20 weeks. **Senator Souza** and **Mr. McKenna** discussed how the process was going to work by providing more flexibility with doctor's notes or other forms of documentation that would be deemed acceptable.

MOTION:

Senator Guthrie moved to approve **Docket No. 09-0130-1903**. **Senator Thayne** seconded the motion. The motion carried by **voice vote**.

**PASSED THE
GAVEL:**

Vice Chairman Agenbroad passed the gavel back to Chairman Patrick.

RS 27429 **Relating to Injectable Cosmetics.** **Jesse Taylor**, Idaho Cosmetic Safety Association (ICSA), indicated this proposed legislation adds requirements that only medically-trained professionals, such as a registered nurse (RN), doctors, dentists, or medically-trained personnel, can inject cosmetics into the neck and face. This includes Botox and dermal fillers. Having someone properly trained is imperative in knowing where veins, nerves, and tissues are located. He remarked knowing how to reverse a bad injection is important.

DISCUSSION: **Senator Guthrie** suggested Mr. Taylor provide more information and rationale about the limited scope of this Routing Slip (RS).

MOTION: **Senator Guthrie** moved to send **RS 27429** to print. **Senator Souza** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:31 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary

AGENDA
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE
1:30 P.M.
Room WW54
Tuesday, January 28, 2020

SUBJECT	DESCRIPTION	PRESENTER
MINUTES APPROVAL:	Minutes of January 21, 2020	Senator Thayn
<u>RS27225</u>	Relating to Plumbers - Competency Requirements	John Nielsen, Plumbing and HVAC Program Manager, Idaho Division of Building Safety
<u>RS27226</u>	Relating to HVAC - Revise Registration for Apprentices	John Nielsen
<u>RS27290</u>	Relating to Engineers and Surveyors Regarding License Status	Tom Judge, Deputy Director for Surveying, Idaho Professional Engineers and Land Surveyors
<u>RS27198</u>	Relating to Employment Security Law	Jani Revier, Director, Idaho Department of Labor
<u>RS27328</u>	Relating to Workers' Compensation	Senator Bayer
<u>RS27263</u>	Relating to Taiwan - A Joint Memorial	Senator Lent
<u>RS27399</u>	Relating to Self-Storage Facilities	Tim Olson, Self Storage Association
PRESENTATION: Your Health Idaho		Patrick Kelly, Executive Director, YHI
PRESENTATION: Idaho Central Credit Union - Financial Literacy in Schools		John Watts, Idaho Central Credit Union

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Patrick	Sen Thayn
Vice Chairman Agenbroad	Sen Souza
Sen Martin	Sen Ward-Engelking
Sen Lakey	Sen Burgoyne
Sen Guthrie	

COMMITTEE SECRETARY

Linda Kambeitz
Room: WW46
Phone: 332-1333
Email: scom@senate.idaho.gov

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Tuesday, January 28, 2020

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Agenbroad, Senators Martin, Lakey, Guthrie, Thayn, Souza, Ward-Engelking, and Burgoyne

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Patrick** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:30 p.m.

MINUTES APPROVAL: **Chairman Patrick** announced the minutes approval would be moved to a later time on the agenda.

RS 27225 **Relating to Plumbers - Competency Requirements.** **John Nielsen**, Plumbing, Heating, Ventilation, and Air Conditioning (HVAC) Program Manager, Idaho Division of Building Safety (IDBS), indicated this bill would eliminate barriers to licensure and the need for a license. **Mr. Nielsen** stated this proposed legislation provides an exception from plumbing licensing requirements for installers of manufactured or mobile homes to make connections and allows installers to obtain permits to make connections. He noted because installers must make connections in accordance with the same standards as plumbing licensees, there is no need to require installers to obtain a plumbing or specialty license to make connections. **Mr. Nielsen** advised there is no fiscal impact to the General Fund. There will be a negative impact of approximately \$1,100 over the course of a fiscal year on the HVAC Board's dedicated fund, due to the elimination of revenue generated by fees for the specialty license.

MOTION: **Senator Lakey** moved to send **RS 27225** to print. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.

RS 27226 **Relating to Heating, Ventilation and Air Conditioning (HVAC) - Revise Registration for Apprentices.** **John Nielsen**, HVAC Program Manager, Idaho Division of Building Safety (IDBS), indicated the HVAC Board is proposing a rule to allow an HVAC apprentice to renew registration and continue working as an apprentice by showing completion of eight hours of continuing education for each year of the prior registration period instead of showing enrollment in or successful completion of schooling. **Mr. Nielsen** explained this proposed legislation changes the apprentice registration period from five years to one year and the fee from \$50 to \$10, which will make tracking continuing education easier for the apprentice and the IDBS. There is no negative impact to the General Fund or the HVAC Board's dedicated fund because the registration fee per year will not change.

MOTION: **Senator Burgoyne** moved to send **RS 27226** to print. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

- RS 27290** **Relating to Engineers and Surveyors Regarding License Status.** **Tom Judge**, Deputy Director for Surveying, Idaho Professional Engineers and Professional Land Surveyors (IPELS), stated the proposal improves the process for renewal and reissuance of licenses. **Mr. Judge** pointed out unnecessary language is removed and this amendment better defines and clarifies when land survey monuments are required. He noted there is no fiscal impact to the General Fund or the dedicated fund of the IPELS, as the amendment addresses requirements for licensed engineers and land surveyors by allowing for process improvements. The overall cost of survey work will not be increased.
- Mr. Judge** described the substantive changes which were to provide additional options for monuments set by surveyors; clarification of the authorities and duties of surveyors and engineers; a reduction in requirements for some Public Land Survey System (PLSS) monuments; a requirement was added to find or set the monument marking the center quarter corner when subdividing a section; and the addition of a requirement to set monuments at actual corner locations where the General Land Office surveyors did not set them.
- MOTION:** **Senator Guthrie** moved to send **RS 27290** to print. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.
- RS 27198** **Relating to Employment Security Law.** **Jani Revier**, Director, Idaho Department of Labor (IDOL), outlined the proposed amendments to Idaho Code §§ 72-1351(2), 72-1336, and 72-1352A. She noted the changes relieve charges to an employer's unemployment account when an employee leaves employment based on a personal choice and still qualifies for benefits; removes a reference to an official IDOL seal; removes expired dates; and changes the election submission deadline to the first quarter of the following calendar year. **Ms. Revier** noted there is no impact to the General Fund due to these proposed changes.
- DISCUSSION:** **Senator Burgoyne** and **Josh McKenna**, Legal Counsel, IDOL, discussed the flexibility provided by this proposed legislation for employers.
- MOTION:** **Senator Guthrie** moved to send **RS 27198** to print. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.
- RS 27328** **Relating to Workers' Compensation.** **Senator Bayer** gave a brief overview of H 554, which was passed in 2016, which dealt with occupational diseases associated with firefighting within the workers' compensation system. **Senator Bayer** noted in the fiscal note of H 554, there was a statement from the National Council on Compensation Insurance (NCCI) with the expectation that the enactment of legislation would result in increases in workers' compensation, but the extent of these increases were difficult to estimate due to significant data limitations. A sunset clause was added to the bill. **Senator Bayer** noted the NCCI has recently reported that workers' compensation premiums have dropped 18 percent since the passage of that legislation. She stated this proposed legislation removes the sunset clause in Idaho Code § 72-438, making this statute permanent. There is no fiscal impact to the General Fund as there was none in the original bill.
- MOTION:** **Senator Burgoyne** moved to send **RS 27328** to print. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.
- RS 27263** **Relating to Taiwan - A Joint Memorial.** **Senator Lent** stated this joint memorial recognizes the beneficial trade relationship between the State of Idaho and Taiwan, and reaffirms Idaho's commitment to a strong, deepening relationship with Taiwan. He noted there is no fiscal impact to the General Fund because no State action is required.

MOTION: **Senator Souza** moved to print **RS 27263**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

RS 27399 **Relating to Self-Storage Facilities.** **Tim Olson**, Self Storage Association, noted this proposed legislation updates and amends Idaho Code §§ 53-2302, 55-2304, 55-2305, and 55-2306 relating to self-service storage facilities. A new section of Idaho Code would be added to Idaho Code § 55-2308 concerning a lessee in default and § 55-2329 access restrictions for consumers and operators. Amendments include definition updates, identification of reasonable rates for late charges, clarification of endorsement of lien language for consumers and operators, and, in the absence of a notice provision in the rental agreement, notices would be sent by certified mail. **Mr. Olson** reported there is no fiscal impact to the General Fund as these updates relate to rental agreements between the operator and the lessee.

MOTION: **Senator Guthrie** moved to send **RS 27399** to print. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.

PRESENTATION: **Your Health Idaho (YHI).** **Patrick Kelly**, Executive Director, YHI, highlighted the changes and outlined the year for YHI (Attachment 1). He gave an executive summary of the key accomplishments, 2019 by the numbers, the year in review, open enrollment 2020, and looking ahead.

DISCUSSION: **Senator Souza** and **Mr. Kelly** discussed the impact on YHI policy holders when approximately 18,000 subscribers moved onto the Medicaid plan. They discussed the 6 percent increase in the cost of policies, which was set by the Idaho Department of Insurance (IDOI). **Chairman Patrick** commented that a percent of the insurance was not directly related to the 6 percent increase, but was used for operations.

Vice Chairman Agenbroad and **Mr. Kelly** discussed the background of the reserves of YHI. **Mr. Kelly** explained YHI tends to have six to ten months in reserves for operating expenses and the remainder is for investment in technology.

MINUTES APPROVAL: **Senator Thayne** moved to approve the Minutes of January 21, 2020. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

PRESENTATION: **Idaho Central Credit Union (ICCU)- Financial Literacy in Schools.** **John Watts**, ICCU, introduced guest speakers Michael Watson, Chief Marketing Officer, ICCU, and Stuart Draper, Chief Executive Officer (CEO), StuKent. **Mr. Watts** gave a brief overview of the ICCU programs. He noted the ICCU is involved in local communities by supporting the Idaho Foodbank, United Way, and various chambers of commerce, libraries, and schools. **Mr. Watson** indicated teachers ask for help in teaching financial topics, such as credit reports, how to balance a checkbook, and student loans. There is a need for this type of education as people struggle with bounced checks, late loan payments, and low credit scores. He cited a survey conducted by the National Foundation for Credit Counseling (NFCC) and went over the statistics relating to personal finances. Very few students talk with their parents about money. The ICCU has an entire department devoted to helping credit union members create a budget, identify needs versus wants, and setting priorities.

Mr. Watson indicated this program was developed by a teacher. Teachers in Utah and other states are using the program in their curriculum. The ICCU offers a finance grant to help implement this program in all high schools (Attachment 2).

Mr. Draper reported his company, StuKent, has developed educational technology using digital simulations. Embedded in the program is a game

called "Life Happens." This game simulates life in the real world using digital paychecks, budgets, bills, and unexpected occurrences. Students learn how to handle these types of issues using critical thinking skills (Attachment 3).

DISCUSSION: **Senators Lakey** and **Souza** discussed whether this class was taught as part of a math, economics, or social studies class.

Senator Guthrie commented he appreciated the ICCU and agreed students should be taught about financial topics. He encouraged Mr. Draper to find out how this could be made part of the curriculum statewide. **Mr. Draper** stated the system is set up to be turnkey with lesson plans and other items exposing students to the curriculum.

ADJOURNED: There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:32 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary

Your Health Idaho Legislative Update

Pat Kelly
Executive Director

January 2020



*Attachment #1
January 28, 2020*

Executive Summary

- Key accomplishments
- 2019 by the Numbers
- Year in Review
- Open Enrollment 2020
- Looking Ahead

OUR MISSION

Maintain maximum control of Idaho's health insurance marketplace at minimal cost to its citizens.



Key Accomplishments

2019 Key Accomplishments

2019 AVERAGE ENROLLMENT:

95,000 IDAHOANS

ONE IN FOUR ENROLLED IDAHOANS:

PAID \$0/MONTH

- Highest per-capita enrollment for all state-based exchanges
- Lowest operating costs of all state-based exchanges
- Certified nearly 800 agents, brokers and enrollment counselors
- Upgraded the user experience, optimized for mobile
- Research shows 90% satisfaction rate among 2019 enrollees



Your Health Idaho by the Numbers

Your Health Idaho by the Numbers

2019 Financials

ASSETS (IN THOUSANDS):



NET POSITION (IN THOUSANDS):



Your Health Idaho by the Numbers

2019 Enrollment Highlights

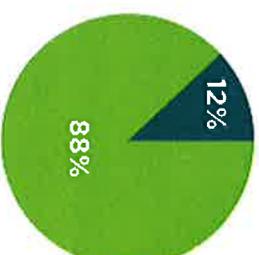
AGE



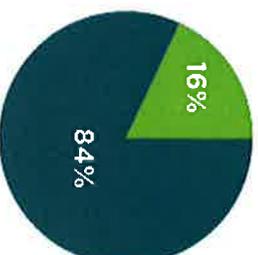
GENDER



IN 2019,
MORE THAN
95,000
IDAHOANS
HAD
COVERAGE
WITH YOUR
HEALTH
IDAHO



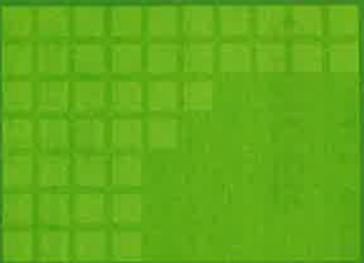
ENROLLMENTS
WITH TAX CREDIT
WITHOUT



ENROLLMENT TYPE
NEW CUSTOMERS
RENEWALS



ENROLLMENTS
WITH AGENT OF RECORD
WITHOUT



Year in Review

Planning for Medicaid Expansion

- Projections assumed 18,000 would move from the exchange to expanded Medicaid
 - Fiscally conservative financial practices allow Your Health Idaho to weather the change in enrollment without compromising exchange operations or customer service
- Worked with Governor Little's office, Department of Health and Welfare and Department of Insurance to craft 1332 waiver language
- With waiver determined incomplete, Your Health Idaho prepared for traditional Medicaid expansion
 - Main priority was mitigating consumer confusion
 - Technology enhancements implemented with goal of seamless transition to Medicaid
 - Collaborative approach and consistent messaging across all agencies/entities
- Your Health Idaho remains prepared for future changes and will execute on contingency plans if needed

Upgrading the User Experience

- Prepared the technology platform for Medicaid expansion
 - Worked with the Idaho Department of Health and Welfare and GetInsured to understand technology needs
 - Created new process to move consumers from the exchange to Medicaid with as little disruption as possible
- Deployed functionality to compare available plans against current or previous plans
- Optimized shopping platform for mobile users
- Simplified the customer dashboard for easier navigation and access to enrollment information
- Enhanced automation for American Indian/Alaska Natives and non-traditional households
- Updated default communication preference to electronic delivery unless otherwise stated

Strengthening Partnerships

- Nearly 800 Consumer Connectors completed certification training in 2019
 - About 75% of enrollments are completed with help from a Consumer Connector
- Revamped training program brought in-house, ensuring consistency across all audiences
- In-person training condensed and streamlined
 - Nine session across the state in the month of September
 - Included representatives from the Idaho Department of Health and Welfare and Idaho Department of Insurance



Meeting Idahoans Where They Live and Work

- 2019 outreach efforts focused on building relationships around the state
 - Partnered with community health groups, hospital systems, and non-profits to increase awareness of Your Health Idaho as a resource for Idahoans
- Co-hosted six enrollment events ahead of Open Enrollment 2020 in key areas of the state
 - Events offered enrollment assistance and free health screenings for attendees
 - Demonstrate the connection between health insurance and overall health and wellness



Serving Our Customers

YOUR HEALTH IDAHO OVERALL GOAL:

- Continued to measure customer experience and sentiment with Net Promoter Score (NPS)
 - Average score in 2019 was 30, well above industry standards
 - New process for customer follow-up
- Implemented new Quality Assurance metrics to identify sticking points in customer experience
- Internal and external training programs brought into alignment to ensure consistency across the organization
- Seasonal team members brought on incrementally ahead of Open Enrollment 2020

**A FLAWLESS
CUSTOMER
EXPERIENCE**



Open Enrollment 2020

Open Enrollment 2020

September

- Alignment meetings with Department of Health and Welfare, Department of Insurance, and insurance carriers to mitigate customer confusion

October

- Anonymous shopping begins, 2020 plans and prices available
- Renewal process begins, 99.9% completed by Nov. 1
 - Consumers newly eligible for Medicaid are not auto-renewed
- Nearly 800 agents, brokers, and enrollment counselors complete 2020 certification

November/December

- Open Enrollment for 2020 coverage begins and runs Nov. 1 – Dec. 16, 2019

**Open Enrollment
Customer Service**

20,000 calls
2,000 emails
40% increase
in web visits

Open Enrollment 2020: Results

- Over 89,000 Idahoans enrolled through Your Health Idaho
- Highest per-capita enrollment of any state exchange
- Twenty-five percent of 2020 enrollments are new customers
- Enrollment breakdown as of Dec. 23, 2019
 - Medical enrollments: 78,500
 - Dental enrollments: 10,500
 - Total enrollments: 89,000

Impacts from Medicaid expansion

18,000: 2019 enrollments expected to move to Medicaid

13,000: Total 2019 enrollments that moved to Medicaid as of Jan. 1

6,000: Enrollments that maintained their tax credit due to income increase



Looking Ahead

Looking Ahead

- Implement Agency Portal technology for better user experience for our agent and broker partners
- Update phone and ticketing system for quicker and more efficient customer service
- Create a separate shopping platform for new product offerings like Enhanced Short-Term Plans
- Remain nimble and ready to adapt to policy changes at the state and federal level
- Continue to maintain control of Idaho's health insurance marketplace at minimal cost to its citizens



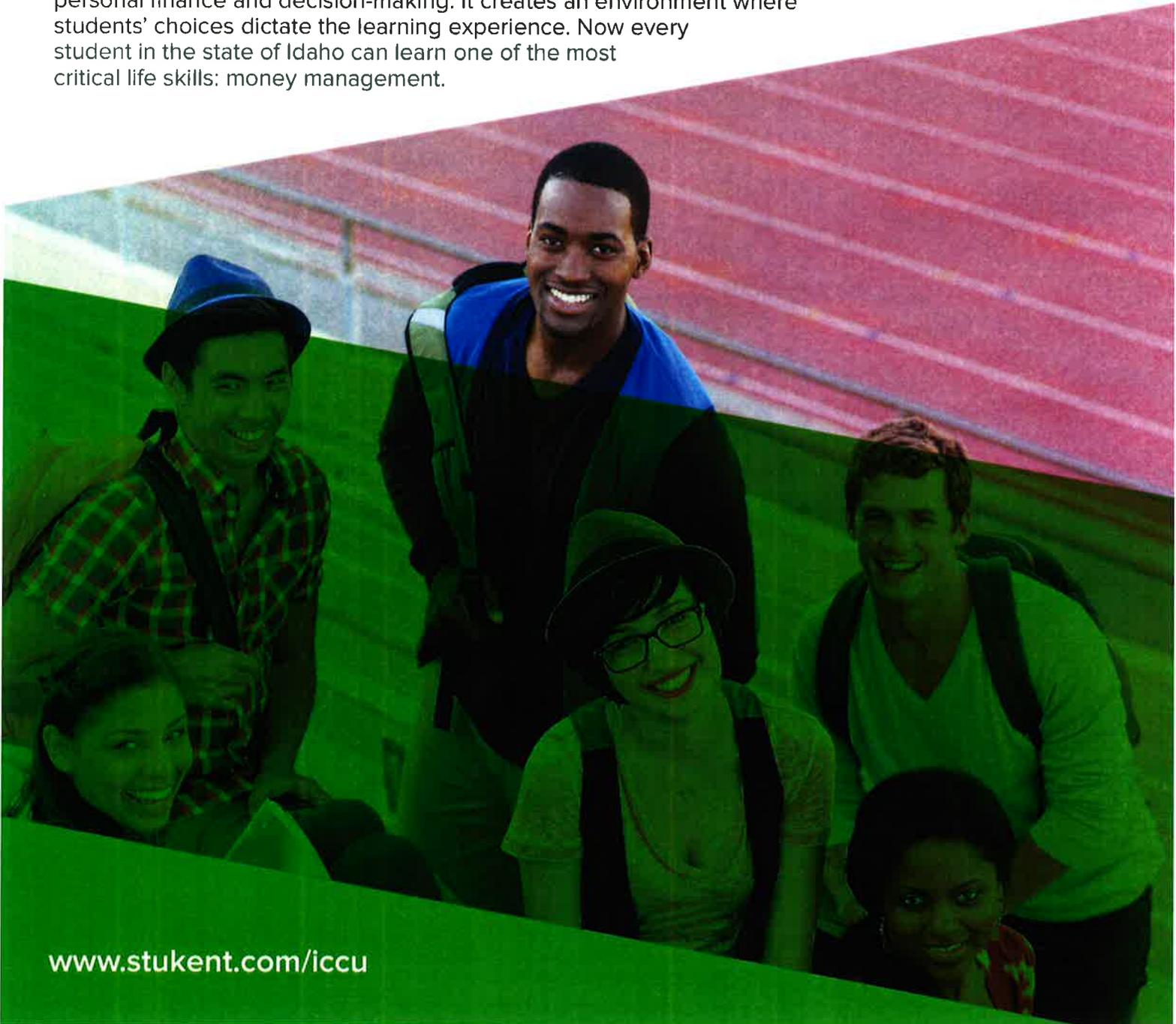


Attachment #2
January 28, 2020
STUKENT

Idaho Central Credit Union is partnering with Stukent to provide a grant for ALL high schools in the state of Idaho to receive Stukent's Mimic Personal Finance Simulation and Curriculum FREE for five years. This provides high school students all over the state the opportunity to acquire personal financial skills using state-of-the-art technology and decision-learning theory. Participating high schools will also have the opportunity to have ICCU visit their school once a year to receive hands-on financial training.

Only a few states have made personal finance courses a graduation requirement in their high schools. While Idaho offers personal finance as a unit in economics courses, personal finance education is not currently a graduation requirement. ICCU's partnership with Stukent will help make Idaho a leader in personal finance education.

The Mimic Personal Finance simulation gives students hands-on experience in personal finance and decision-making. It creates an environment where students' choices dictate the learning experience. Now every student in the state of Idaho can learn one of the most critical life skills: money management.



www.stukent.com/iccu

IDAHO SCHOOLS USING MIMIC PERSONAL FINANCE

EASTERN IDAHO

American Falls High School <i>American Falls</i>	Century High School <i>Pocatello</i>	Marsh Valley High School <i>Arimo</i>	Bonneville High School <i>Idaho Falls</i>
American Falls Academy <i>American Falls</i>	Pocatello High School <i>Pocatello</i>	Shelley High School <i>Shelley</i>	Compass Academy <i>Idaho Falls</i>
Rockland Public School <i>Rockland</i>	Highland High School <i>Pocatello</i>	Ririe Jr/Sr High School <i>Ririe</i>	Lincoln Alternative High School <i>Idaho Falls</i>
Bear Lake High School <i>Montpelier</i>	Grace Lutheran <i>Pocatello</i>	West Jefferson High School <i>Terreton</i>	Idaho Falls High School <i>Idaho Falls</i>
Grace High School <i>Grace</i>	Blackfoot High School <i>Blackfoot</i>	Madison High School <i>Rexburg</i>	Skyline High School <i>Idaho Falls</i>
Soda Springs High School <i>Soda Springs</i>	Snake River High School <i>Blackfoot</i>	White Pine STEM Academy <i>Ammon</i>	
Preston High School <i>Preston</i>	Firth High School <i>Firth</i>	Hillcrest High School <i>Ammon</i>	
Sugar-Salem High School <i>Sugar City</i>	South Fremont High School <i>St. Anthony</i>	American Heritage Charter School <i>Idaho Falls</i>	

MAGIC VALLEY/SOUTHERN IDAHO

Buhl High School <i>Buhl</i>	Declo High School <i>Declo</i>	Hagerman School <i>Hagerman</i>	Malad High School <i>Malad</i>
Burley High School <i>Burley</i>	Filer High School <i>Filer</i>	Jerome High School <i>Declo</i>	Minico High School <i>Rupert</i>
Cassia High School <i>Burley</i>	Canyon Ridge H.S. <i>Twin Falls</i>	Kimberly High School <i>Kimberly</i>	Murtaugh Schools <i>Murtaugh</i>
Wendell High School <i>Wendell</i>	Twin Falls High School <i>Twin Falls</i>	Valley School <i>Hazelton</i>	Shoshone High School <i>Shoshone</i>

TREASURE VALLEY/WESTERN IDAHO

Boise High School <i>Boise</i>	Caldwell High School <i>Caldwell</i>	Meridian High School <i>Meridian</i>	Cambridge High School <i>Cambridge</i>
Borah High School <i>Boise</i>	Vallivue Academy <i>Caldwell</i>	Rocky Mountain High School <i>Meridian</i>	Parma High School <i>Parma</i>
Capital High School <i>Boise</i>	Vallivue High School <i>Caldwell</i>	Meridian Technical Charter High School <i>Meridian</i>	Melba High School <i>Melba</i>
Timberline High School <i>Boise</i>	Idaho Arts Charter School <i>Nampa</i>	Mountain Home High School <i>Mountain Home</i>	Marsing High School <i>Marsing</i>
Eagle High School <i>Eagle</i>	Nampa High School <i>Nampa</i>	Glens Ferry High School <i>Glens Ferry</i>	Payette River Technical Academy <i>Emmett</i>
North Star Charter School <i>Eagle</i>	Fruitland High School <i>Fruitland</i>	Midvale School <i>Midvale</i>	
Kuna High School <i>Kuna</i>	Garden Valley School <i>Garden Valley</i>		

NORTH IDAHO/CENTRAL IDAHO

Coeur d'Alene High School <i>Coeur d'Alene</i>	Sandpoint High School <i>Sandpoint</i>	Deary Jr./Sr. High School <i>Deary</i>	Wood River High School <i>Hailey</i>
Lake City High School <i>Coeur d'Alene</i>	Timberlake High School <i>Spirit Lake</i>	Leadore High School <i>Leadore</i>	Lewiston High School <i>Lewiston</i>
Venture High School <i>Coeur d'Alene</i>	Lakeland Senior High School <i>Rathdrum</i>	Salmon High School <i>Salmon</i>	Prairie High School <i>Cottonwood</i>
Post Falls High School <i>Post Falls</i>	Lapwai High School <i>Lapwai</i>	Challis High School <i>Challis</i>	

Personal Finance Curriculum

Key Objective

Mimic Personal Finance equips students with hands-on experience in financial decision-making by providing them a safe environment in which to learn the principles of personal finance.

Real-world Skills

Students gain experience

- Budgeting for expenses, savings, donations, and retirement
- Investing in securities and stocks
- Purchasing real estate and vehicles
- Handling personal and revolving credit
- Filing taxes and selecting insurance

Curriculum Framework

Unit 1: The RWC Experience through Mimic Personal Finance

Unit 2: Money as a Resource

Unit 3: Postsecondary

Unit 4: Employment

Unit 5: Managing Finances

Unit 6: First Major Obligations

Unit 7: Insurance

Unit 8: Revolving Credit

Unit 9: Personal Credit

Unit 10: Taxes

Unit 11: Home Ownership

Unit 12: Charitable Giving

Unit 13: Investing



Hands-on, Decision-theory Learning

Mimic Personal Finance creates an environment where students' choices dictate the learning experience. Lessons are continually reinforced as each decision students make impacts the remainder of the course. Rather than simply studying financial concepts, students actually experience financial decision-making in an online simulation.

This curriculum helps students analyze their situations, needs, and goals while dealing with real consequences for their choices. As a result, students learn how to make smart financial decisions.

To learn more about Mimic Personal Finance curriculum, visit
stukent.com/mimic-personal-finance/

*attachment #3
 January 28, 2020*

AMENDED AGENDA #2
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE
1:30 P.M.
Room WW54
Thursday, January 30, 2020

SUBJECT	DESCRIPTION	PRESENTER
MINUTES APPROVAL:	Minutes of January 23, 2020	Senator Lakey
<u>RS27525</u>	A Proclamation - Commending the Rotary Club of Moscow, Idaho for 100 Years of Service to the City of Moscow, Latah County, and the World	Senator Nelson
<u>RS27409</u>	Relating to Health Benefit Plans	Senator Buckner-Webb
DOCKET NO.: <u>48-0101-1900F</u>	Rules of the Idaho Grape Growers and Wine Producers Commission, Fee Rule, p. 345	Brenna Christison, Operations and Finance Manager, Idaho Grape Growers
<u>07-0101-1901</u>	Rules of the Idaho Electrical Board (New Chapter), p. 95	Warren Wing, Electrical Program Manager, Idaho Division of Building Safety

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Patrick
 Vice Chairman Agenbroad
 Sen Martin
 Sen Lakey
 Sen Guthrie

Sen Thayn
 Sen Souza
 Sen Ward-Engelking
 Sen Burgoyne

COMMITTEE SECRETARY

Linda Kambeitz
 Room: WW46
 Phone: 332-1333
 Email: scom@senate.idaho.gov

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Thursday, January 30, 2020

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Agenbroad, Senators Martin, Lakey, Guthrie, Thayn, Souza, Ward-Engelking, and Burgoyne

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Patrick** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:30 p.m.

Chairman Patrick noted the Committee has worked hard on the rules of the Electrical Board and Energy Code. After receiving an opinion from the Attorney General's Office, one of the rules has to be reassessed as a fee rule. This will be done at a later meeting.

MINUTES APPROVAL: **Chairman Patrick** announced the minutes approval would be moved to a later time on the agenda.

RS 27525 **A Proclamation - Commending the Rotary Club of Moscow, Idaho for 100 Years of Service to the City of Moscow, Latah County, and the World.** **Senator Nelson** presented this proclamation to the Committee. He stated he wanted to do something special in celebration of the Rotary Club's hundredth anniversary and the hundredth birthday of Maynard Fosberg, former University of Idaho professor, Rotary Club president, and member for 55 years.

MOTION: **Senator Souza** moved to send **RS 27525** to print. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: **Senator Lakey** moved to approve the Minutes of January 23, 2020. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

RS 27409 **Chairman Patrick** announced this Routing Slip (RS) would be moved to a later time on the agenda.

PASSED THE GAVEL: Chairman Patrick passed the gavel to Vice Chairman Agenbroad to introduce the presenters for the rules being heard.

DOCKET NO. 48-0101-1900F **Rules of the Idaho Grape Growers and Wine Producers Commission, Fee Rule**, p. 345. **Brenna Christison**, Operations and Finance Manager, Idaho Grape Growers, outlined the rule and highlighted the changes.

DISCUSSION: **Senator Burgoyne** asked if there were any substantive changes or comments received about this rule. **Ms. Christison** stated there were none.

MOTION: **Chairman Patrick** moved to approve **Docket No. 48-0101-1900F**. **Senator Souza** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 07-0101-1901 **Rules of the Idaho Electrical Board (IEB) (New Chapter)**, p. 95. **Warren Wing**, Electrical Program Manager, Idaho Division of Building Safety (IDBS), noted this rule has become tentative due to the change by the Idaho House of Representatives (House) to the journeyman and apprentice ratio being removed and offered to stand for any questions.

DISCUSSION: **Chairman Patrick** remarked there were many discussions between the House and Senate and the Committee would not reject the entire rule. **Senator Burgoyne** stated he was in support of the docket but questioned whether the House could veto any one rule. He stated his view was to approve the docket in its entirety. **Chairman Patrick** commented the Committee could reject the fee part of this docket in concurrence with the House or approve the entire docket.

MOTION: **Chairman Patrick** moved to approve **Docket No. 07-0101-1901** with the exception of Subsection 105.09.a and 105.09.b on page 125 of the fee rule book. **Senator Thayn** seconded the motion.

DISCUSSION: A discussion ensued among Committee members about the journeyman-to-apprentice ratio. **Senator Lakey** stated he was in support of the motion. His preference would be not to allow variances and to allow a 1:4 ratio in both residential and commercial building.

Senator Burgoyne stated he was not in support of the motion. He cited an example of a building that partially collapsed due to the contractor cutting corners. He has heard from people in the industry who say the 1:4 ratio is not safe. **Senator Burgoyne** stated he had a conflict of interest pursuant to Senate Rule 39(H), but intended to vote. He indicated the 1:4 ratio is not safe, but only addresses a labor shortage. **Chairman Patrick** commented the ratio may not end up being 1:4.

Vice Chairman Agenbroad remarked he concurred with the House and did not want to strike the whole rule.

Senator Lakey addressed Senator Burgoyne's concern about safety. **Senator Lakey** remarked the motion should not include a particular ratio. He indicated he discussed the ratio with an electrical contractor who agreed a 1:4 ratio was still adequate.

Senator Souza and **Mr. Wing** discussed the supervision process and licensure. She stated she was in support of the motion.

Vice Chairman Agenbroad and **Mr. Wing** discussed safety issues.

VOICE VOTE: The motion to approve **Docket No. 07-0101-1901** carried by **voice vote**.

PASSED THE GAVEL: Vice Chairman Agenbroad passed the gavel back to Chairman Patrick.

RS 27409 **Relating to Health Benefit Plans.** **Senator Buckner-Webb** reported this legislation will require health benefit plans to provide reimbursement for a six-month supply of contraceptives. Currently, many insurance plans reimburse for a one to three-month supply of contraception. **Senator Buckner-Webb** noted this legislation will require any health benefit plan issued or renewed on or after January 1, 2020 that covers contraceptives approved by the federal Food and Drug Administration (FDA), to provide reimbursement for a six-month refill of contraception obtained at one time by the enrollee. The enrollee or the prescribing provider may request a smaller contraceptive supply. **Senator Buckner-Webb** stated there is no foreseen fiscal impact to the State because it will only result in policy changes for insurance companies. She remarked the passage of this legislation will improve women's

health care and reduce costs. This proposed legislation makes birth control accessible, which is of special concern for women in rural communities.

MOTION: **Senator Ward-Engelking** moved to send **RS 27409** to print. **Senator Souza** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:07 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary

AGENDA
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE
1:30 P.M.
Room WW54
Tuesday, February 04, 2020

SUBJECT	DESCRIPTION	PRESENTER
MINUTES APPROVAL:	Minutes of January 28, 2020	Senator Souza
DOCKET NO.: <u>07-0301-1901</u>	Rules of Building Safety, p. 119	Jeff Egan, Building Program Manager, Idaho Division of Building Safety
<u>07-0000-1900F</u>	Rules of the Division of Building Safety - Fee Rule, p. 21	Patrick Grace, Regional Manager, Idaho Division of Building Safety
<u>07-0701-1901</u>	Rules Governing Installation of HVAC, Division of Building Safety, p. 133	John Nielsen, Plumbing and HVAC Program Manager, Idaho Division of Building Safety
<u>RS27448</u>	Relating to Barber and Cosmetology Services	Representative Clow
<u>S 1259</u>	Relating to Plumbers, Certificate of Competency	John Nielsen, Plumbing and HVAC Program Manager, Idaho Division of Building Safety
<u>S 1260</u>	Relating to HVAC Registration Period and Fee	John Nielsen
<u>S 1263</u>	Relating to Workers' Compensation - Amending Existing Law for Occupational Diseases - Sunset Clause	Senator Bayer

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Patrick
 Vice Chairman Agenbroad
 Sen Martin
 Sen Lakey
 Sen Guthrie

Sen Thayn
 Sen Souza
 Sen Ward-Engelking
 Sen Burgoyne

COMMITTEE SECRETARY

Linda Kambeitz
 Room: WW46
 Phone: 332-1333
 Email: scom@senate.idaho.gov

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Tuesday, February 04, 2020

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Agenbroad, Senators Martin, Lakey, Guthrie, Thayn, Souza, Ward-Engelking, and Burgoyne

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Patrick** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:30 p.m.

MINUTES APPROVAL: **Chairman Patrick** announced the minutes approval would be moved to a later time on the agenda.

PASSED THE GAVEL: Chairman Patrick passed the gavel to Vice Chairman Agenbroad to introduce the presenters for the rules being heard.

DOCKET NO. 07-0301-1901 **Rules of Building Safety**, p. 119. **Jeff Egan**, Building Program Manager, Idaho Division of Building Safety (IDBS), reported part of this docket addressed the International Energy Conservation Code (IECC). He referred to the information previously provided to the Committee (Attachment 1). Since this docket was held previously at the Call of the Chair, he would stand for questions.

MOTION: **Chairman Patrick** moved to approve **Docket No. 07-0301-1901** with the exception of subsection 004.04 starting on page 101 of the pending rule book. **Senator Lakey** seconded the motion.

DISCUSSION: **Chairman Patrick** remarked, in his opinion, the part of the docket addressing the IECC is not a building safety issue.

Senator Burgoyne stated he was interested in the opinion of the IDBS. He asked for clarification of what was being rejected in subsection .004 of the motion. **Chairman Patrick** noted that part of the docket would be rejected entirely.

A discussion ensued between **Senator Souza** and **Chairman Patrick** relating to new home buyers and if there could be a substitute temporary rule promulgated after sine die. **Senator Guthrie** remarked the feedback he has received is to keep the IECC in the docket.

SUBSTITUTE MOTION: **Senator Guthrie** moved to approve **Docket No. 07-0301-1901** as presented. **Senator Ward-Engelking** seconded the motion.

DISCUSSION: **Senator Burgoyne** stated he was in support of the substitute motion. If there is no IECC, new home buyers will not have the necessary information provided to them by the builder. **Senator Burgoyne** remarked by rejecting the IECC, it is unclear whether a local jurisdiction could adopt the code.

TESTIMONY: **Andrew Bick**, Idaho Building Code Board (IBCB) Chairman and architect, testified if this part of the rule was rejected, a lot of work by the IDBS would have to be done to make sure any references to the IECC was removed.

DISCUSSION: In response to a question by Senator Thayn, **Chairman Patrick** indicated he did not think building safety and the IECC should be together, but rather separate pieces of legislation.

Senator Lakey stated that he felt that the IECC was not appropriate as a mandate from the government. He affirmed that in the Attorney General's opinion, the cities could only adopt the IECC if it was adopted by the IBCB, which must be adopted by rule.

Senator Ward-Engelking commented that the ability for local entities to enforce consumer safety issues was removed. **Mr. Bick** pointed out the energy standards provide guidelines for proponents of safety when relating to water intrusion and mold, among other issues.

Senator Guthrie spoke to the substitute motion and reiterated the feedback he received was to leave the IECC in the building code. He remarked he would consider future legislation.

ROLL CALL VOTE: **Vice Chairman Agenbroad** called for a roll call vote on the substitute motion. **Senators Martin, Guthrie, Thayn, Souza, Ward-Engelking, and Burgoyne** voted aye. **Senators Lakey, Vice Chairman Agenbroad, and Chairman Patrick** voted nay. The motion carried.

DOCKET NO. 17-0000-1900F **Senator Lakey** requested unanimous consent that the Committee remove **Docket No. 07-0000-1900F** from the agenda. There were no objections. **Chairman Patrick** stated the reason for having this docket on the agenda was to reconsider this previously-approved Docket 07-0000-1900F if the motion in the prior Docket No. 07-0301-1901 to remove the IECC was approved.

DOCKET NO. 07-0701-1901 **Rules Governing Installation of Heating, Ventilation, and Air Conditioning (HVAC), Idaho Division of Building Safety (IDBS)**, p. 133. **John Nielsen**, Plumbing and HVAC Program Manager, IDBS, noted this docket had previously been held at the call of the chair until further information could be obtained. That information has been provided to the Committee (Attachment 2).

MOTION: **Senator Burgoyne** moved to approve **Docket No. 07-0701-1901**. **Chairman Patrick** seconded the motion. The motion carried by **voice vote**.

PASSED THE GAVEL: Vice Chairman Agenbroad passed the gavel back to Chairman Patrick.

MINUTES APPROVAL: **Senator Souza** moved to approve the Minutes of January 28, 2020. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.

RS 27448 **Relating to Barber and Cosmetology Services. Representative Clow** reported this proposed legislation amends Idaho Code § 54-5821. He gave a brief history of the merging of the Cosmetology and Barber Boards. He noted during that process, the inadvertent late payment of a cosmetology or barber school was not addressed.

Representative Clow reported in keeping with the U. S. Department of Education requirement that these schools maintain a continuous license, this amendment provides the Idaho Barber and Cosmetology Services Licensing Board (IBCSLB) the authority to approve reinstatement retroactive to the date of expiration. **Representative Clow** noted the school must have paid the renewal fee within 90 days of the failure to renew, there must be no other cause for the school's license to have been cancelled, and all costs and penalties related to the renewal must be paid. The students of these schools would be assured that an inadvertent clerical error would not impact their financial aid or continuity of their education.

Representative Clow stated this amendment requires a change in administrative

procedures and will have no impact on the General Fund. The required fees, penalties, and costs will offset any costs to the IBCSLB. This is also expected to be a rare situation.

DISCUSSION: **Senator Souza** spoke in support of the proposed legislation.

MOTION: **Senator Souza** moved to send **RS 27448** to print. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

S 1259 **Relating to Plumbers, Certificate of Competency.** **John Nielsen**, Plumbing and Heating, Ventilation, and Air Conditioning (HVAC) Plumbing Manager, Idaho Division of Building Safety (IDBS), indicated this bill would eliminate barriers to licensure and the need for a license. **Mr. Nielsen** stated this proposed legislation provides an exception from plumbing licensing requirements for installers of manufactured or mobile homes to make connections and allows installers to obtain permits to make connections. He noted because installers must make connections in accordance with the same standards as plumbing licensees, there is no need to require installers to obtain a plumbing or specialty license to make connections.

Mr. Nielsen advised there is no fiscal impact to the General Fund. There will be a negative impact of approximately \$1,100 over the course of a fiscal year on the HVAC Board's dedicated fund, due to the elimination of revenue generated by fees for the specialty license.

MOTION: **Senator Guthrie** moved to send **S 1259** to the floor with a **do pass** recommendation. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

S 1260 **Relating to Heating, Ventilation, and Air Conditioning (HVAC) Registration Period and Fee.** **John Nielsen**, Plumbing and HVAC Manager, Idaho Division of Building Safety (IDBS), indicated the HVAC Board is proposing a rule to allow an HVAC apprentice to renew registration and continue working as an apprentice by showing completion of eight hours of continuing education for each year of the prior registration period, instead of showing enrollment in or successful completion of schooling. **Mr. Nielsen** explained this proposed legislation changes the apprentice registration period from five years to one year and the fee from \$50 to \$10, which will make tracking continuing education easier for the apprentice and the IDBS. There is no negative impact to the General Fund or the HVAC Board's dedicated fund because the registration fee per year will not change.

DISCUSSION: **Senator Souza** asked if there had been any opposition to the changes in the apprenticeship licensing. **Mr. Nielsen** said there was none.

MOTION: **Senator Thayn** moved to send **S 1260** to the floor with a **do pass** recommendation. **Senator Guthrie** seconded the motion.

TESTIMONY: **Judy VanCleave**, HVAC Board member, testified in support of the bill.

VOTE ON MOTION: The motion to send **S 1260** to the floor with a **do pass** recommendation carried by **voice vote**.

S 1263

Relating to Workers' Compensation - Amending Existing Law for Occupational Diseases - Sunset Clause. **Rob Shoplock**, Professional Firefighters of Idaho, gave a brief overview of H 554, passed in 2016, which dealt with occupational diseases associated with firefighting within the workers' compensation system. **Mr. Shoplock** noted in the fiscal note of H 554, there was a statement from the National Council on Compensation Insurance (NCCI) with the expectation that the enactment of legislation would result in increases in workers' compensation, but the extent of these increases was difficult to estimate due to significant data limitations. A sunset clause was added to the bill. **Mr. Shoplock** noted the NCCI has recently reported that workers' compensation premiums have dropped 18 percent since the passage of that legislation. He stated this proposed legislation removes the sunset clause in Idaho Code § 72-438, making this statute permanent. There is no fiscal impact to the General Fund as there was none in the original bill.

MOTION:

Senator Souza moved to send **S 1263** to the floor with a **do pass** recommendation. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.

ADJOURNED:

There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:17 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary

Key Changes in the 2018 International Building Code (IBC)

- Accessory storage spaces of any size are now permitted to be classified as part of the occupancy to which they are accessory.
- New code sections have been introduced addressing medical gas systems and higher education laboratories.
- Use of fire walls to create separate buildings is now limited to only the determination of permissible types of construction based on allowable building area and height.
- Where an elevator hoistway door opens into a fire-resistance-rated corridor, the opening must be protected in a manner to address smoke intrusion into the hoistway.
- The occupant load factor for business uses has been revised to one occupant per 150 square feet.
- Live loads on decks and balconies increase the deck live load to one and one-half times the live load of the area served.
- The minimum lateral load that fire walls are required to resist is five pounds per square foot.
- Wind speed maps updated, including maps for the state of Hawaii. Terminology describing wind speeds has changed again with ultimate design wind speeds now called basic design wind speeds.
- Site soil coefficients now correspond to the newest generation of ground motion attenuation equations (seismic values).
- Five-foot tall wood trusses requiring permanent bracing must have a periodic special inspection to verify that the required bracing has been installed.
- New alternative fastener schedule for construction of mechanically laminated decking is added giving equivalent power-driven fasteners for the 20-penny nail.

2018 International Building Code (IBC) – Recommendation of adoption by the Idaho Building Code Board with following amendments:

- Correlated language with the residential code on personal care, custodial care and child care
- Clarification language to use commercial IBC code for medical care
- Less restrictive threshold of when a drinking fountain is required
- Correlated language on relocatable modular buildings referencing state statute provisions

Attachment 1
Docket 07-0301-1901
Judy Egan
2/4/2020

Key Changes to the 2018 International Residential Code for One-and Two-Family Dwellings

- An updated seismic map reflects the most conservative Seismic Design Category (SDC) based on any soil type and a new map reflects less conservative SDCs when Site Class A, B or D is applicable.
- The townhouse separation provisions now include options for using two separate fire-resistant-rated walls or a common wall.
- An emergency escape and rescue opening is no longer required in basement sleeping rooms where the dwelling has an automatic fire sprinkler system and the basement has a second means of egress or an emergency escape opening.
- The exemption for interconnection of smoke alarms in existing areas has been deleted.
- New girder/header tables have been revised to incorporate the use of #2 Southern Pine in lieu of #1 Southern Pine.
- New tables address alternative wood stud heights and the required number of full height studs in high wind areas.

Recommendation of adoption by the Idaho Building Code Board with the following amendments:

- Correlated language with the IBC code on personal care, custodial care and child care
- More options to address protection of roof eaves close to property lines
- Elimination of requirement to protect floors of unfinished basements
- Exceptions from smoke detectors for exterior work or trade permits
- Replacement of footing section and Table to former edition of code

Key Changes to the 2018 International Existing Building Code (IEBC)

- Section 303-(Organizational Change) Requirements for live loads from Chapters 4 and 8 have been combined and placed in Chapter 3 as they apply for all compliance methods.
- Section 303.3.2 – (Deletion) In order to clarify and simplify concrete evaluation and retrofit, ASCE 41 continues to be directly referenced. Appendix Chapter A5 Earthquake Hazard Reduction in Existing Concrete Buildings is deleted from the 2018 IEBC. In Section 303.3.2 to ASCE 41.
- Section 305- (Organizational Change) Section 410 Accessibility has been relocated to a new Section 305. Chapters 4, 5, 6, 13 and 14 have been relocated, resulting in a reorganization of the provisions and new chapter numbering.
- Section 405.2.1.1 – (Addition) Structural components damaged by snow events must be repaired assuming snow loads for new buildings from the IBC. Updated snow loads have been provided in the ASCE7-16 to include Idaho snow loads.
- Section 502.4 – (Modification) A new exception is added for loading of existing structural elements next to an addition in buildings designed using the IRC. Exemption provided for Buildings containing not more than 5 dwelling or sleeping units used solely for residential purpose where existing building and the addition together comply with Light framed construction methods.
- Section 502.7, 503.15, 804, 1105 - (Addition) Carbon monoxide provisions have been added in Prescriptive Method Additions, Alterations, Level 2 Additions, and Additions for Group I-1, I-2, I-4 and R occupancies.
- Section 503.7 – (Addition) Anchorage for concrete and reinforced masonry walls. When a work area includes more than half the building floor area in an alteration, wall anchors must be installed at the roof line along reinforced concrete and reinforced masonry walls. Seismic Design Category C, D, E or F.
- Section 503.10 – (Addition) Anchorage for unreinforced masonry partition in major alterations. A mitigation trigger has been added to the 2018 IEBC to address a common nonstructural falling hazard. When a work area includes more than half the building floor area in an alteration, unreinforced masonry partitions and nonstructural walls within the work area and adjacent to egress paths from the work area shall be anchored, removed, or altered to resist out-of-plane seismic forces, unless an evaluation demonstrates compliance of such items. Seismic Design Category C, D, E or F.
- Section 505.4 and 701.4 – (Addition) Emergency Escape and Rescue Opening provisions related to being operational have been added to Prescriptive Compliance Method and Alterations Level 1.
- Section 506.4 – (Modification) Buildings undergoing a change of occupancy shall have live, snow, wind and seismic loads checked. Design loads are based on IBC-level forces. Exceptions: Structural elements whose demand-capacity ratio considering the change of occupancy is not more than 5% greater than the demand-capacity ratio based on previously approved live loads needed to comply with this section.
- Section 506.4.3 – (Modification) When a change of occupancy occurs placing a building in a higher risk category, the seismic loads on the building must be evaluated using IBC-level forces.

- Section 507.4 – (Addition) Historic buildings shall comply with the applicable structural provisions in this chapter. Exceptions: 1. The code official shall be authorized to accept existing floors and existing live loads and to approve operational controls that limit the live load on any floor. 2. Repair of substantial structural damage is not required to comply with section 405.2.3 and 4.5.2.4. Substantial structural damage shall be repaired in accordance with section 405.2.1.
- Section 805.3.1.1 – (Modification) Single exit buildings and spaces under Alteration Levels 2 and 3 have been modified to be more consistent with the IBC.
- Section 904.1.4 – (Modification) The Alterations Level 2 requirement that water for automatic fire sprinkler system be available at the floor of alteration without the need for a fire pump has been moved to Chapter 9 for Alterations Level 3 and the fire pump criterion was deleted.
- Section 906.7 – (Addition) The 2018 IEBC adds a mitigation trigger to address a common nonstructural falling hazard: unreinforced masonry partitions, parapet.
- **2018 International Building Code (IBC) – Recommendation of adoption by the Idaho Building Code Board with no amendments**

Key Changes to the 2018 IECC

Significant Changes Between the Commercial Provisions of the 2015 IECC and 2018 IECC				
Topic	2015 IECC		2018 IECC	
Scope (e.g. references and definitions)				
ASHRAE Reference	References ASHRAE 90.1-2013		References ASHRAE 90.1-2016	
Language change	"Capable of"		"Capable of and configured to" or "Configured to". Note applies to HVAC and lighting control requirements.	
Language change	Vertical glazing		Sidelite	
Language change	Skylights		Toplite	
Climate Zones	N/A		Climate zones were updated per ASHRAE (doesn't affect Idaho)	
Building Envelope				
Slab-on-grade insulation	Requires slab edge insulation in Climate Zones 5 and 6 for heated slabs		Requires slab edge insulation and R-5 under slab insulation in Climate Zones 5 and 6 for heated slabs	
SHGC PF < 0.2 0.2 ≤ PF < 0.5 ≥ 0.5	Climate Zone 5		Climate Zone 5	
	SEW	N	SEW	N
	0.40	0.53	0.38	0.51
	0.48	0.58	0.46	0.56
	0.64	0.64	0.61	0.61
Skylight area	Maximum 5% with automatic daylighting controls		Maximum 6% with automatic daylighting controls	
Maximum air leakage for fenestration assemblies Power-operated sliding doors and power operated folding doors	None		1.0 CFM	
Mechanical Systems				
Section reorganization	None		Reorganized Mechanical Chapter based on topics e.g. C403.1: General (Loads) C403.2: System Design C403.3: Equipment Efficiencies & Specs C403.4: HVAC Controls, etc.	
HVAC Equipment Efficiency Requirements	None		Updated a portion of the HVAC equipment efficiency tables based on updated ASHRAE 90.1-2016 equipment efficiency requirements	
Vestibule space conditioning	No requirement		Heating systems for vestibules required to shut off when outdoor air temperature is > 45°F	

		<p>Heating systems configured to limit heating to < 60°F</p> <p>Cooling systems configured to limit cooling to > 85°F</p>
Hydronic system part load controls	Systems ≥ 500,000 Btu/h heating must include part load controls	<p>Systems ≥ 300,000 Btu/h heating must include part load controls</p> <p>Systems ≥ 500,000 Btu/h heating must include part load controls</p>
Economizers serving dwelling units	Systems that serve <i>residential</i> spaces where the system capacity is less than five times the requirement listed in Table C403.3(1).	<p>Individual fan systems with cooling capacity greater than or equal to 270,000 Btu/h (79.1 kW) in buildings having a <i>Group R</i> occupancy.</p> <p>The total supply capacity of all fan cooling units not provided with economizers shall not exceed 20 percent of the total supply capacity of all fan cooling units in the building or 1,500,000 Btu/h (440 kW), whichever is greater.</p>
Automatic control of HVAC systems serving guest rooms	No requirements	<p>In Group R-1 buildings with > 50 guestrooms, each guestroom will be provided with controls that:</p> <ul style="list-style-type: none"> • Automatically raise cooling setpoint and lower heating setpoint by not less than 4°F from occupant setpoint within 30 minutes after occupants leave (vacant) • Automatically raise cooling setpoint to not lower than 80°F and lower heating setpoint to not higher than 60°F when guestroom is unrented and is unoccupied more than 30 minutes (unrented). • Automatically turn off ventilation and exhaust fans within 30 minutes of occupants leaving OR • Isolation devices provided to each guestroom capable of automatically shutting off supply of outdoor air to and exhaust air from guestroom
Commissioning Report Checklist	None	Commissioning requirement checklist required

Lighting Systems				
Allowed Lighting Power Density	No Change		Approximately 10% reduction in ALPD from 2015 IECC LPD levels	
Additional Retail Light Power	500 Watts +		1,000 Watts +	
	Retail Type	LPD	Retail Type	LPD
	1	0.6	1	0.45
	2	0.6	2	0.45
	3	1.4	3	1.05
	4	2.5	4	1.87
Occupancy sensors required	Required spaces where lights are typically left on after the occupant leaves.		Adds breakrooms, enclosed offices and open plan offices	
Occupancy sensor controls for open office plans	No requirement		Requires open plan office spaces to control general lighting in zones no greater than 600 square feet. General lighting in each zone required to be reduced by at least 80% after occupant leaves. Daylighting controls can only activate light after occupant is in the space.	
Exterior Lighting Power Allowance	No Change		Overall reduction in lighting due to LED base lighting assumptions	
Options Packages				
Additional efficiency option packages	Included 6 options to select from		Adds two more options: Enhanced envelope performance <ul style="list-style-type: none"> • Reduce UA by 15% from prescriptive requirements Reduced air infiltration <ul style="list-style-type: none"> • 0.30 cfm / ft² 	

2018 Residential and Commercial Energy Codes – Recommendation of adoption by the Idaho Building Code Board with the following amendments:

- Air leakage for Idaho is 5 air changes per hour vs. 3 ACH for national code
- Blower door test required on 20% of homes built by a contractor (*this requirement is a reduction and has an implementation schedule of an additional 6 months after code adoption for soft implementation for education period for contractors*)
- Reduction of requirements in hot water pipe insulation
- Lighting requires a minimum of 75% of permanently installed fixtures must have high-efficacy lamps
- Energy Rating Index (ERI) (compliance alternative) required score is 68 or less in Climate Zones 5 & 6 (*relaxed to a figure currently being met in Idaho*)

Linda Kambeitz

From: John Nielsen <John.Nielsen@dbs.idaho.gov>
Sent: Tuesday, January 21, 2020 7:04 AM
To: Linda Kambeitz; Jayne Feik
Subject: Information for Docket No. 07-0701-1901
Attachments: Sig Changes IMC 2012_2018.pdf; Sig Changes IFGC 2012_2018.pdf; Sig Changes IRC 2012_2018.pdf

Good morning Linda and Jayne,

Please find attached the Significant Changes to 2018 mechanical codes, proposed in Docket No. 07-0701-1901 as requested by the committees.

If you have any questions or need more information, please let me know.

Sincerely,

John Nielsen

Plumbing/HVAC Program Manager

Division of Building Safety

208.332.7112

john.nielsen@dbs.idaho.gov

*Docket attachment 2
07-0701-1901
John Nielsen
2/4/2020*

Significant Changes 2012 to 2018 IFGC

Combustion Air for Appliances with Power Burners

Added in 2015

Change Type: **Modification**

304.1

This change clarifies that the prescriptive combustion air provisions of section 304 do not apply to appliances having power burners.

Air combustion, ventilation and dilution of flue gases for appliances installed in buildings shall be provided by application of one of the methods prescribed in section 304.6 through 304.9. Where the requirements of section 304.5 are not met, outdoor air shall be introduced in accordance with one on the methods prescribed in sections 304.6 through 304.9. Direct-vent appliances, gas appliances of other than natural draft design, ~~and~~ vented gas appliances not designated as other than category I and appliances with power burners shall be provided with combustion, ventilation and dilution air in accordance with the appliance manufacturer's instructions.

Exception: Type 1 clothes dryers that are provided with makeup air in accordance with section 614.5.

Condensate Pumps

Added in 2015

Change Type: **Addition**

307.6

Condensate pumps located in uninhabitable spaces, such as attics and crawl spaces, shall be connected to the appliance or equipment served such that when the pump fails, the appliance or equipment will be prevented from operating. Pumps shall be installed in accordance with the manufacturer's instruction.

Condensate pumps located in uninhabitable spaces must be connected to the appliance to shut down the equipment if the pump fails.

Electrical Bonding of Corrugated Stainless steel Tubing

Added in 2015

Change Type: **Addition:**

310.1.1

Text has been added to address the allowable length of the bounding jumper wire and the method of making the bonding connections.

Corrugated stainless steel tubing (CSST) gas piping systems and piping systems containing one or more segments of CSST Shall be bonded to the electrical service grounding electrode system. The bond jumper shall connect to a metallic pipe or fitting between the point of delivery and the first downstream CSST fitting. The bonding jumper shall be not smaller than six AWG copper wire or equivalent. ~~Gas piping systems that contain one or more segments of CSST shall be bonded in accordance with this section.~~

310.1.1.1 Bonding Jumper Length. The length of the bonding jumper between the connection to the gas piping system and the connection to a grounding electrode system shall not exceed 75 feet (22,860 mm). Any additional grounding electrodes used shall be bonded to the electrical service grounding electrode system.

310.1.1.2 Bonding Connections. Bonding Connections shall be in accordance with NFPA 70.

310.1.1.3 Connection Devices. Devices used for making the bonding connections shall be listed for the application in accordance with UL 467.

Electrical Bonding of CSST

Added in 2018

Change Type: **Modification**

310.2, 310.3

The existing provisions for electrical bonding apply to CSST without an arc-resistant jacket or coating. New provisions added now address CSST with bonding jackets and coatings.

Maximum Gas Demand

Added in 2015

Change Type: **Modification**

402.2

Table 402.2 has been REMOVED and the code has been clarified that the actual maximum input rating of appliances is to be used for gas pipe sizing.

Schedule 10 Steel Gas Piping

Added in 2018

Change Type: **Modification**

403.4.2

Steel, stainless steel and wrought-iron as light as schedule 10 is now allowed.

403.10.1

Allows schedule 40 (or heavier) piping to be connect by threads, flanges, brazing, welds, or assembled with listed press connect fittings listed with ANSI LC4/CSA-6.32. Pipe lighter than schedule 40 is allowed to be connect using press-connect fittings, flanges, brazing or welding.

Plastic Pipe, Tubing and Fittings

Added in 2015

Change Type: **Modification**

403.6

The code now expressly prohibits the use of [PVC] and [CPVC] where in the past it was silent on these materials.

Drilled and Tapped Metallic Pipe Fittings

Added in 2015

Change Type: **Modification**

403.10.4

The code now expressly prohibits the practice of drilling and tapping pipe fittings in the field except where performed in accordance with five criteria that strictly limit such practice.

9. Where pipe fittings are drilled and tapped in the field, the operation shall be in accordance with all of the following:

9.1 The operation shall be performed on systems having operating pressures of 5 psi (34.5 kPa) or less.

9.2 The operation shall be performed by the gas supplier or the gas suppliers designated representative.

9.3 The drill and tapping operation shall be performed in accordance with written procedures prepared by the gas supplier.

9.4 The fittings shall be located outdoors.

9.5 The tapped fitting assembly shall be inspected and proven to be free of leakage.

Fittings in Concealed Locations

Added in 2015

Change Type: **Clarification**

404.5

This section was reformatted to state what fittings are allowed in concealed locations, rather than listing what is prohibited and the exceptions. The new text lists the four types of allowed fittings: threaded elbows, tees, and couplings; brazed fittings; welded fittings; and proprietary fittings listed to ANSI LC-1 or ANSI LC-4.

Protection of Concealed Piping Against Physical Damage

Added in 2015

Change Type: **Modification**

404.7

This section has been rewritten and now includes the requirement for piping ran parallel to framing members and piping within framing members to be protected, when located less than 1 ½ inch from the framing to which wall, ceiling, or floor membranes will be attached. When installed within 1 ½ inches shield plates will be required that cover the width and length of the pipe.

Exception: Black steel piping and galvanized steel piping shall not be required to be protected.

Protection against Corrosion

Added in 2018

Change Type: **Modification**

404.11

This section has been reorganized and updated. Previously this section applied to all metallic piping and tubing. Because copper and copper alloy tubing is less susceptible to corrosion, the requirements now only apply to steel piping and tubing. Stainless steel has been added to material requiring protection under some circumstances. Galvanized (zinc coated) is not approved for direct burial.

The code now identifies 3 methods of protection:

1. Piping made of non-corrosive material.
2. Factory-applied, electrically-insulating coated.
3. Cathodic protection system installed that is monitored and maintained with an approved program.

Field applied coating or wrap is not allowed.

Risers used in underground piping systems are required to be anodeless or cathodically protected by means of a welded anode.

Piping Underground beneath Buildings

Added in 2018

Change Type: **Modification**

404.14

A listed encasement system instead of a conduit encasement is recognized where plastic piping is installed underground beneath buildings.

Piping is prohibited underground beneath buildings, however the code permits it underground beneath a building if it is encased in a conduit made of iron, steel or plastic. Note that plastic pipe is never allowed under a building, or in a building. An additional method of encasement is now recognized, that method being an encasement system that is listed for the purpose. For example, a type of CSST is manufactured with a listed integral encasement system. The CSST is incased in its own integral conduit such that the tubing and its encasement are installed simultaneously as an assembly. This product is not new, but the code now specifically refers to it and would allow similar products with listed integral encasement systems.

Pipe Cleaning

Added in 2015

Change Type: **Addition**

404.18

The code now specifically prohibits the practice of using fuel gas as a medium for flushing foreign matter and debris from fuel-supply piping.

The use of flammable or combustible gas to clean or remove debris from a piping system shall be prohibited.

Shutoff Valve Location

Added in 2018

Change Type: **Clarification**

409.5.1

Shutoff valves located behind movable appliances such as gas dryers and ranges are considered as meeting the requirement for access.

Support for Shutoff Valves in Tubing Systems

Added in 2018

Change Type: **Addition**

409.7

Shutoff valves installed in tubing systems shall be rigidly and securely supported independently of the tubing.

Shut off valves installed in piping systems such as T-handle key valves for fireplaces, or valves in the run of CSST tubing are required to be independently supported and secured so damage will not occur when torque is applied.

Medium-Pressure Regulators

Added in 2015

Change Type: **Modification**

410.2

Item 7. Has been added. Where connected to rigid piping, a union shall be installed within 1 foot of either side of the MP regulator.

MP Regulator and Appliance Pressure Test Port

Added in 2018

Change Type: **Modification**

410.2

The code provided a new alternative to the required pressure tap fitting downstream of a medium pressure regulator.

Item 6. A tee fitting with one opening capped or plugged shall be installed not less than 10 pipe diameters downstream of the MP regulator outlet. Such tee fittings shall be positioned to allow connection of a pressure-measuring instrument. The tee fitting is not required where the MP regulator serves an appliance that has a pressure test port on the gas control inlet side and the appliance is located in the same room as the MP regulator.

Connecting Portable and Movable Appliances

Added in 2015

Change Type: **Modification**

411.1

Gas hoses used to connected portable outdoor appliances are practically limited to hoses designed for this purpose. Such hoses must comply with ANSI Z21.54. With the addition of Item 7.

Connectors for Commercial Cooking Appliances

Added in 2015

Change Type: **Modification**

411.1.1

Specific installation requirements have been added for safe installation of ANSI Z21.69 connectors for commercial cooking appliances. The option to connect the cooking appliance with semi-rigid tubing or rigid pipe have been removed.

Commercial cooking appliances installed on coasters and appliances that are moved for cleaning and sanitation purposes shall be connected to the piping system with an appliance connector listed as complying with ANSI Z21.69. The commercial cooking appliance connector installation shall be configured in accordance with the manufacturer's installation instructions. Movement of the appliances with casters shall be limited by a restraining device installed in accordance with the connector and appliance manufacturer's instructions.

Door Clearances to Vent Terminals

Added in 2015

Change Type: **Addition**

502.7.1

An appliance vent terminal is not permitted in a location within 12 inches of the arc of a swinging door.

Appliance and equipment vent terminals shall be located such that doors cannot swing within 12 inches (305 mm) horizontally of the vent terminal. Door stops or closers shall not be installed to obtain this clearance.

Standards for Plastic Pipe Venting Materials

Added in 2018

Change Type: **Modification**

503.4.1, 503.4.2

The standards to which plastic pipe venting materials must be labeled to either the appliance manufacturer's specifications or listed to UL1738.

Plastic Piping for Appliance Vents

Added in 2015

Change Type: **Modification**

503.4.1

The approval of plastic pipe for venting appliances is no longer a responsibility of the building official and, instead, that responsibility rests with the appliance manufacturer and the appliance listing agency.

Sizing of Plastic Pipe Vents

Added in 2015

Change Type: **Modification**

503.6.9.3

The code is no longer silent on the sizing of plastic piping for appliance vents and now states: the sizing of plastic pipe shall be in accordance with the manufacturer's instructions.

Venting System Termination Location

Added in 2015

Change Type: **Modification**

503.8

Text has been added to address the location of sidewall vent terminals with respect to adjoining buildings. Previous editions of the code were silent on this subject, and the appliance manufacturer's instructions are typically silent as well.

Item #5: Vent systems for category IV appliances that terminate through an outside wall of a building and discharge flue gases perpendicular to the adjacent wall shall be located not less than 10 ft. (3048 mm) horizontally from an operable opening in to an adjacent building. This requirement shall not apply to vent terminals that are 2 ft. (607 mm) or more above or 25 ft. (7620 mm) or more below operable openings.

Direct-vent Termination Clearances

Added in 2018

Change Type: **Modification**

503.8

Section 503.8 Item 3 relative to direct-vent appliances was reformatted into table form and a new category was added for direct-vent appliances having higher Btu/hr inputs that are more consistent with nonresidential appliances.

Direct-vent appliances having a input Btu/hr 150,000 or higher shall maintain a minimum clearance as required in accordance with the manufacturer's instructions and not less than the clearances specified in section 503.8, item 2.

Item .2 A mechanical draft venting system, excluding direct-vent appliances, shall terminate not less than 4 feet (1219 mm) below, 4 feet (1219 mm) horizontally from, or 1 foot (305 mm) above any door, operable window or gravity air inlet into any building. The bottom of the vent terminal shall be located not less than 12 inches (305 mm) above finished ground level.

Item 3. The clearance for through-the-wall direct-vent terminals shall be in accordance with table 503.8. ~~The vent terminal of a direct vent appliance with an input of 10,000 Btu per hour (3 kW) or less shall be located not less than 6 inches (152 mm) from any air opening into a building. Such an appliance with an input over 10,000 Btu per hour (3 kW) but not over 50,000 Btu per hour (14.7 kW) shall be installed with a 9 inch (230 mm) vent termination clearance, and an appliance with an input over 50,000 Btu per hour (14.7 kW) shall have not less than a 12 inch (305 mm) vent termination clearance.~~ The bottom of the vent terminal and the air intake shall be located not less than 12 inches (305 mm) above finished ground level.

Dryer Exhaust Duct Power Ventilators

Added in 2015

Change Type: **Addition**

614.5

The new text recognizes the use of dryer exhaust duct power ventilators (DEDPV's) for installations that exceed the allowable exhaust duct length for clothes dryers.

Domestic dryer exhaust duct power ventilators shall be listed and labeled to UL 705 for use in dryer exhaust duct systems. The dryer exhaust duct power ventilator shall be installed in accordance with manufacturer's instructions.

The maximum length of the exhaust duct shall be determined by the dryer exhaust duct power ventilator manufacturer's installation instructions.

Prohibited Location of Commercial Cooking Appliances:

Added in 2015.

Change Type: **Modification**

623.3

The code does not prohibit the installation of cooking appliances that are listed as both commercial and domestic appliances. Previously the code did not allow commercial cooking appliances in domestic applications. With the exceptions introduced in 2015 and 2018 there are now paths that allow such use.

Exception: Appliances that are also listed as domestic cooking appliances. Was added to address appliances labeled for both cooking applications.

Added in 2018. Change Type: Modification

Exception: 2. Where the installation is designed by a licensed professional engineer in compliance with the manufacturer's installation instructions.

Significant Changes IMC 2012 to 2018

202

Definition of Commercial Cooking Appliance:

Added in 2018.

Change Type: **Modification**

The code has been completely rewritten, and the unnecessary language regarding produced byproducts of commercial cooking operations, the need to exhaust those byproducts, and the language regarding specific appliances has been removed.

The code now reads as follows: Appliances used in a commercial food service establishment for heating or cooking food. For the purpose of this definition, a commercial food service establishment is where food is prepared on a scale that is by volume and frequency not representative of domestic household cooking.

304.11

Fall-Arresting Restraint System:

Added in 2015

Change Type: **Modification**

The Exception allows for fall-arresting restraint systems to be employed instead of guards on roofs.

The new exception is aimed at sloped roofs where such systems are typically utilized.

306.1

Access:

Added in 2015

Change Type: **Modification**

More than just appliances are now required to have access for inspection, service, replacement, and/or repair.

This code has been modified to encompass any and all components of an HVAC system that have been installed behind, under, or above permanent construction, or installed where other appliances or equipment obstruct access.

307.2.5

Condensate Drain Line Maintenance:

Added in 2015

Change Type: **Addition**

Condensate Drain lines shall be configured to permit the cleaning of blockages and performance of maintenance without requiring the drain line to be cut.

Drain that convey condensate water from cooling coils and evaporators are known to develop blockages, and these drains are commonly cleared of such blockages.

307.3

Condensate Pumps in Uninhabitable Spaces:

Added in 2015

Change Type: **Addition**

Condensate pumps located in uninhabitable spaces and used with condensing fuel-fired appliances and cooling equipment must be connected to the appliance or equipment served by the pump to prevent water damage in the event of pump failure.

Condensate pumps located in uninhabitable spaces, such as attics and crawl spaces, shall be connected to the appliance or equipment served such that when the pump fails the appliance or equipment will be prevented from operating. Pumps shall be installed in accordance with the manufacturer's installation instructions.

401.2, 407.1, Table 403.3.1.1

Ventilation Required:

Added in 2015

Change Type: **Addition**

Occupancies including hospitals, nursing homes, detoxification facilities and ambulatory care facilities must be ventilated in accordance with the new standard, ASHRAE 170.

Ambulatory care facilities and group I-2 occupancies shall be ventilated by mechanical means in accordance with section 407. Has been added to section 401.2

407.1 General Mechanical ventilation for ambulatory care facilities and Group I-2 occupancies shall be designed and installed in accordance with this code and ASHRAE 170.

ASHRAE 170 is a ventilation standard with special provisions for health care facilities section 403 of the IMC no longer applies to such facilities.

403.2.1, Table 403.3.1.1

Recirculation of Air:

Added in 2015

Change Type: Clarification

The revisions to section 403.2.1 and notes b and g of table 403.3.1.1 clarify that recirculation of air within a space is permitted.

Previously code item 3 in section 403.2.1 has been widely misinterpreted. The common misinterpretation of the code was believed to be any air supplied to these spaces had to be exhausted to the outdoors. In other words, none of the supply air that goes in is returned to the air handler. Obviously it is problematic for a single air-handling system to serve spaces identified by not b or g and also serve spaces not identified by those notes. Both items 3 and 4 have the same basic intent of preventing air in spaces identified by note b or note g from being conveyed to other spaces, thereby spreading contaminants.

Notes b and g table 403.3.1.1 also have been misread and misunderstood by designers and engineers so they thought they should prevent air within spaces falling under note b or g from being recirculated.

Item 3 has had the following language added. Recirculation of air that is contained completely within such spaces shall not be prohibited. Where recirculation of air is prohibited.

Item 4 along with table notes b and g have had the following language added.
Recirculation of air that is contained completely within in such spaces shall not be prohibited.

403.3

Outdoor Air and Local Exhaust Airflow Rates:

Added in 2015

Change Type: Addition

The new text introduces the basic requirements of ASHRAE 62.2 related to mechanical ventilation for group R-2, R-3 and R-4 buildings three stories or less in height.

The new text simplifies the mechanical ventilation compliance path for group R-2, R-3, and R-4 buildings three stories or less in height to be consistent with those in the 2012 IRC and ASHRAE 62.2. These building more closely match the scope of ASHRAE 62.2 than ASHRAE 62.1 and they should not be subject to the rigor of the design calculations of ASHRAE 62.1/IMC section 403.

Table 403.3.1.1

Manicure and Pedicure Station Exhaust Rates:

Added in 2015

Change Type: Modification

Note h on table 403.3.1.1 now recognizes the new section 502.20 for design of manicure and pedicure station exhaust systems and also specifies the applicability to both.

~~h. for nail salons, each nail-manicure and pedicure station shall be provided with a source capture system capable of exhausting not less than 50 cfm per station.~~
Exhaust inlets shall be located in accordance with section 502.20. Where one or more source capture systems operate continuously during occupancy, the exhaust rate from such systems shall be permitted to be applied to the exhaust flow rates required by table 403.3.1.1 for nail the salon.

403.3.2.4

Outdoor Air Ventilation for Dwelling Units:

Added in 2018

Change Type: **Addition**

There is a new requirement for labeling of controls for whole-house (Dwelling) ventilation systems.

Where provided within a dwelling unit, controls for outdoor air ventilation systems shall include text or a symbol indicating the system's function.

403.3.2.5

Dwelling Unit Ventilation Equipment:

Added in 2018

Change Type: **Addition**

A new requirement was added for the testing of exhaust fans for dwelling units.

Exhaust equipment serving single dwelling units shall be listed and labeled to provide the minimum required air flow in accordance with ANSI/AMCA 210-ANSI/ASHRAE 51.

This section simply requires fan to be tested, listed and labeled to verify their performance in a laboratory setting, and **does not require any field testing if installed fans.**

404.1

Intermittent Operation of Mechanical Ventilation Systems for Enclosed Parking Garages:

Added in 2015

Change Type: **Modification**

For enclosed garages, the ventilation system must operate continuously or must be automatically controlled for intermittent operation utilizing both carbon monoxide and nitrogen dioxide detectors. The option to detect vehicle operation or occupant presence has been deleted.

Where mechanical ventilation systems for enclosed parking garages shall be permitted to operate intermittently, such operation shall be automatic in accordance with item 1, item 2 or both by means of carbon monoxide detectors applies in conjunction with nitrogen dioxide detectors. Such detectors shall be installed in accordance with their manufacturer's recommendations.

404.1

Mechanical Ventilation of Enclosed Parking Garages:

Added in 2018

Change Type: **Modification**

The code text was rewritten to clarify the intent with regard to "intermittent" operation.

~~Where in~~ Mechanical ventilation systems for enclosed parking garages shall operate ~~intermittently~~ continuously or shall be automatically operated such operation shall be automatic by means of carbon monoxide detectors applied in conjunction with nitrogen dioxide detectors. Such detectors shall be listed in accordance with UL 2075 and installed in accordance with their listing and the manufacturer's recommendations-instructions. Automatic operation shall cycle the ventilation system between the following two modes of operation:

1. Full-on at an airflow rate of not less than 0.75 cfm per square foot of the floor area served.
2. Standby at an airflow rate of not less than 0.05 cfm per square foot of the floor area served

The text was rewritten to make it clear the garage exhaust system can never shut off completely. The exhaust is either full-on all of the time, or it is allowed to be cycled between full-on and minimum-on by CO and NO₂ detectors.

404.2-Has been removed in its entirety.

501.3

Mechanical Exhaust Systems Discharge:

Added in 2015

Change Type: **Modification**

The adjective “public” was added to “nuisance” to make this requirement more enforceable. The new exception correlates with section 505.1, exception 1.

The air removed by every mechanical exhaust system shall be discharged outdoors at a point where it will not cause a public nuisance and not less than the distance specified in section 501.3.1. The air shall be discharged to a location from which it cannot again be readily drawn in by a ventilating system. Air shall not be exhausted into an attic, crawl space, or be directed onto walkways.

Exception 3. Where installed in accordance with the manufacturer’s instructions and where mechanical or natural ventilation is otherwise provided in accordance with chapter 4, listed and labeled domestic ductless range hoods shall not be required to discharge to the outdoors.

The new exception parallels the exception to section 505.1 to eliminate what some perceive to be a conflict between these sections. In reality, a recirculating (ductless) range hood is not an exhaust system, because it does not exhaust air to the outdoors.

502.20

Manicure and Pedicure Station Exhaust System:

Added in 2015

Change Type: **Addition**

The new text specifically covers manicure and pedicure stations and states exhaust requirements in addition to those in Table 403.3.1.1. In previous editions of the code, pedicure stations were not specifically called out, as the text in table 403.3.1.1 referred only to nail salons generically.

Manicure and pedicure stations shall be provided with an exhaust system in accordance with table 403.3.1.1, note h. Manicure tables and pedicure stations not provided with factory-installed exhaust inlets shall be provided with exhaust inlets located not more than 12 inches horizontally and vertically from the point of chemical application.

504.4

Sealing of Clothes Dryer Exhaust Ducts:

Added in 2018

Change Type: **Modification**

The code now speaks to the sealing of clothes dryer exhaust ducts.

Clothes dryer exhaust ducts shall be sealed in accordance with section 603.9. Has been added to 504.4

504.4.1

Clothes Dryer Exhaust Termination:

Added in 2018

Change Type: **Addition**

The code now addresses the required size of the dryer exhaust duct terminals.

The passageways of dryer exhaust duct terminals shall be undiminished in size and shall provide an open area of not less than 12.5 square inches (80.65 mm²).

Nothing in code requires a reduction in the allowable length of the duct based on the resistance of the exhaust terminal; therefore, it was determined to be necessary to specify a minimum size terminal opening to account for the airflow resistance offered by the terminal.

504.5, 504.8.4.3

Dryer Exhaust Duct Power Ventilators:

Added in 2015

Change Type: **Addition**

The new text recognizes the use of dryer exhaust duct power ventilators (DEDPV's) for installations that exceed the allowable exhaust duct length for clothes dryers.

Domestic dryer exhaust duct power ventilators shall be listed and labeled to UL 705 for use in dryer exhaust duct systems. The dryer exhaust duct power ventilator shall be installed in accordance with manufacturer's instructions.

The maximum length of the exhaust duct shall be determined by the dryer exhaust duct power ventilator manufacturer's installation instructions.

504.8.2

Dryer Exhaust Duct Installation:

Added in 2015

Change Type: **Modification**

Instead of prohibiting all duct fasteners such as screws and rivets, the code now limits the penetration of fasteners where installed.

Exhaust ducts shall be supported at 4-foot intervals and secured in place. The insert end of the duct shall extend into the adjoining duct or fitting in the direction of air flow. Ducts shall not be joined with screws or similar fasteners that protrude more than 1/8 inch (3.2 mm) into the inside of the duct.

504.8.2

Dryer Exhaust Ducts in Framing Cavities:

Added in 2018

Change Type: **modification**

The code now address the installation of clothes dryer exhaust ducts in wall and ceiling cavities.

Where dryer exhaust ducts are enclosed in wall or ceiling cavities, such cavities shall allow the installation of the duct without deformation. Has been added to section 504.8.2.

The new text will require a space larger than a 2x4 wall stud cavity to accommodate 4-inch exhaust ducts.

505.1, 505.4

Domestic Range Hoods

Added in 2015

Change Type: **Modification**

The scope of domestic kitchen hoods coverage has been expanded to beyond dwelling units. Domestic hoods are mandated in new section 505.4

Where domestic range hoods and domestic appliances equipped with downdraft exhaust are ~~located within dwelling units provided,~~ such hoods and appliances shall discharge to the outdoors through sheet metal ducts constructed of galvanized steel, stainless steel, aluminum or copper. Such ducts shall have smooth inner walls, shall be air tight, shall be equipped with a backdraft damper, and shall be independent of all other exhaust systems.

Exception 1. In other than Group I-1 and I-2, where installed in accordance with the manufacturer's installation instructions and where mechanical ventilation is otherwise provided in accordance with Chapter 4, listed and labeled ductless range hoods shall not be required to discharge to the outdoors.

In other than Group R occupancies, where domestic cooking appliances are utilized for domestic purposes, such appliances shall be provided with domestic range hoods. Hoods and exhaust systems shall be in accordance with sections 505.1 and 505.2.

505.3

Domestic Kitchen Exhaust Systems in Multistory Buildings

Added in 2015

Change Type: **Addition**

The new sections of code regulate the design and construction of exhaust shafts that serve domestic kitchen exhaust systems in multistory buildings.

Where a common multistory duct system is designed and installed to convey exhaust from multiple domestic kitchen exhaust systems, the construction of the system shall be in accordance with all of the following:

1. The shaft in which the duct is installed shall be constructed and fire resistance rated as required by the *international building code*.

2. Dampers shall be prohibited in the exhaust duct, except as a specified in section 505.1. Penetrations of the shaft and ductwork shall be protected in accordance with section 607.5.5, exception 2.
3. Rigid metal ductwork shall be installed within the shaft to convey the exhaust. The ductwork shall be constructed of sheet metal having a minimum thickness of 0.0187 (0.4712 mm) (No 26 gage) and in accordance with SMACNA Duct Construction Standards.
4. The ductwork within the shaft shall be designed and installed without offsets.
5. The exhaust fan motor design shall be in accordance with section 503.2.
6. The exhaust fan motor shall be located outside of the airstream.
7. The exhaust fan shall run continuously, and shall be connected to a standby power source.
8. Exhaust fan operation shall be monitored in an approved location and shall initiate an audible or visual signal when the fan is not in operation.
9. Where the exhaust rate for an individual kitchen exceeds 400 cfm (0.19 m³/s) makeup air shall be provided in accordance with section 505.5.
10. A cleanout opening shall be located at the base of the shaft to provide access to the duct to allow for cleanout and inspection. The finished openings shall be not less than 12 inches by 12 inches (305 mm by 305 mm).
11. Screens shall not be installed at the termination.
12. The common multistory duct system shall serve only Kitchen Exhaust and shall be independent of other exhaust systems.

The code allows a similar design for domestic clothes dryer exhaust systems, but previous editions were silent on domestic kitchen exhaust.

506.3.7.1

Grease Duct Reservoirs

Added in 2015

Change Type: **Modification**

A grease duct reservoir must now be the full width of the duct in all cases, and the reservoir must be provided with a drain opening.

~~Item 3. Have a length and width of not less than 12 inches (305 mm). Where the grease duct is less than 12 inches (305 mm) in a dimension, the reservoir shall be not more than 2 inches (51 mm) smaller than the duct in that dimension. Has~~

been removed and replaced with: extend across the full width of the duct and have a length of not less than 12 inches.

Item 5. Has also undergone some changes and now reads as follows: Have a bottom that ~~is sloped to a point for drainage.~~ Slopes to a drain.

The text in item 3 allowed for the reservoir to be 2 inches less than the grease duct this would allow for cooking byproducts to bypass the reservoir all together.

Item 5 has been changed from requiring only that the reservoir bottom slopes to requiring that the bottom slope to a drain.

506.3.8

Grease Duct Cleanouts and Openings

Added in 2015

Change Type: **Modification**

The cleanout spacing provisions have been added to be consistent with section 506.3.9 for horizontal ducts.

The following text has been added to Item 2: Sections of grease ducts that are inaccessible from the hood or discharge openings shall be provided with cleanout openings spaced not more than 20 feet apart and not more than 10 feet from changes in direction greater than 45 degrees.

The new grease duct cleanout spacing provisions apply to vertical duct sections that are not accessible from the hood or terminal end.

506.3.11

Grease Duct Enclosures

Added in 2015

Change Type: **Modification**

The code specifically prohibits the installation of fire and smoke dampers in grease ducts.

A commercial kitchen grease duct serving a type I hood that penetrates a ceiling, wall, floor or any concealed spaces shall be enclosed from the point of penetration to the outlet terminal. In-line exhaust fans not located outdoors

shall be enclosed as required for grease ducts. A duct shall penetrate exterior walls only at locations where unprotected openings are permitted by the *International Building Code*. The duct enclosure shall serve a single grease duct and shall not contain other ducts, piping, or wiring systems. Duct enclosures shall be either a shaft enclosure in accordance with section 506.3.11.1, a field-applied enclosure assembly in accordance with section 506.3.11.2 or a factory-built enclosure assembly in accordance with section 506.3.11.3. Duct enclosures shall have a fire-resistance rating of not less than that of the assembly penetrated and not less than 1 hour. Fire dampers and smoke dampers shall not be installed in the grease ducts. Duct enclosures shall be as prescribed by section 506.3.11.1, 506.3.11.2 or 506.3.11.3.

~~506.3.11.4 Duct enclosure not required.~~

Exception: A duct enclosure shall not be required for a grease duct that penetrates only a non-fire-resistance-rated roof or ceiling assembly.

It has long been understood that fire and smoke dampers are not compatible with grease ducts, and the duct enclosure requirements clearly account for the lack of such dampers where the duct penetrate walls, floors, and ceilings. Fire and smoke dampers would be made useless by the severe environment within grease ducts. The code now prohibits what has been assumed to be prohibited all along.

506.3.13.2

Type 1 Hood Exhaust Termination

Added in 2018

Change Type: **Modification**

The intent was clarified regarding clearance to openings to prevent other requirements from being overlooked.

Exhaust outlets shall be permitted to terminate through exterior walls where the smoke, grease, gases, vapors and odors in the discharge from such terminations do not create a public nuisance or a fire hazard. Such terminations shall not be located where protected openings are required by the *International Building Code*. ~~Other exterior openings~~ such terminations shall be located in accordance with section 506.3.13.3 and shall not be located within 3 feet (914 mm) of such terminations of any opening in the exterior wall.

The previous version of the text implied that outdoor air intake and operable windows could be located as close as 3 feet from a sidewall exhaust termination. Operable windows fall in the “air intake” category and therefore require a minimum 10 feet horizontal or 3 feet above clearance from such terminals.

506.5.1.2

In-Line Fan Location in Exhaust Ducts Serving Commercial Kitchen Hoods

Added in 2015

Change Type: **Addition**

New text addresses the enclosure requirements for in-line exhaust fans located in kitchen hood exhaust ducts, in effect treating them the same as ducts.

Where enclosed duct system are connected to in-line fans not located outdoors, the fan shall be located in a room or space having the same fire resistance rating as the duct enclosure. Access shall be provided for servicing and cleaning of the fan components. Such rooms or spaces shall be ventilated in accordance with the fan manufacturer’s installation instructions.

If the exhaust duct is required to be enclosed in fire-resistance-rated construction or a listed integral or field-installed duct enclosure system, the in-line fan must also be so enclosed because the in-line fan is part of the duct system. In-line fans require maintenance, and access must be provided for such maintenance.

506.5.2, 202

Pollution Control Units

Added in 2018

Change Type: **Addition**

The code added coverage and a definition for pollution control units which are installed in grease exhaust systems to extract smoke, grease particles and odors from the exhaust flow.

The installation of pollution-control units shall be in accordance with manufacturer's instructions and all of the following:

1. Pollution-control units shall be listed and labeled in accordance with UL 1978.
2. Fans serving pollution-control units shall be listed and labeled in accordance with UL 762.
3. Pollution-control units shall be mounted and secured in accordance with manufacturer's installation instructions and the *International Building Code*.
4. Pollution-control units located indoors shall be listed and labeled for such use. Where enclosed duct systems, as required by section 506.3.11, are connected to a pollution control unit, such unit shall be located in a room or space having the same fire-resistance rating as the duct enclosure. Access shall be provided for servicing and cleaning of the unit. The space or enclosure shall be ventilated in accordance with manufacturer's installation instructions.
5. A clearance of not less than 18 inches (457 mm) shall be maintained between the pollution-control unit and combustible materials.
6. Roof-mounted pollution-control units shall be listed for outdoor installation and shall be mounted not less than 18 inches (457 mm) above the roof.
7. Exhaust outlets for pollution-control units shall be in accordance with section 506.3.13.
8. An airflow differential pressure control shall be provided to monitor the pressure drop across the filter sections of a pollution-control unit. When the airflow is reduced below the design velocity, the airflow differential pressure control shall activate a visual alarm located in the area where cooking operations occur.
9. Pollution-control units shall be provided with a factory-installed fire suppression system.
10. Service space shall be provided in accordance with manufacturer's instructions for the pollution-control unit and the requirements of section 306
11. Was-down drains shall discharge through a grease interceptor and shall be sized for the flow. Drains, shall be sealed with a trap or other approved means to prevent air bypass. Where a trap is utilized it shall have a seal depth that accounts for the system pressurization and evaporation between cleanings.
12. Protection from freezing shall be provided for the water supply and fire suppression system where such systems are subject to freezing.

13. Duct connections to pollution-control units shall be in accordance with section 506.3.2.3. Where water splashed or carryover can occur in the transition duct as a result of a washing operation, the transition duct shall slope downward toward the cabinet drain pan for a length not less than 18 inches (457 mm). Ducts shall transition to the full size of the unit's inlet and outlet openings.
14. Extra-heavy-duty appliance exhaust systems shall not be connected to pollution-control units except where such units are specifically designed and listed for use with solid fuels.
15. Pollution-control units shall be maintained in accordance with the manufacturer's instructions.

General Definitions

POLLUTION-CONTROL UNIT (PCU). Manufactured equipment that is installed in a grease exhaust duct system for the purpose of extracting smoke, grease particles and odors from the exhaust flow by means of a series of filters.

506.5.3

Hinged Up-Blast Fans for Type 1 Hoods

Added in 2015

Change Type: **Modification**

The code now requires that hinged exhaust fans be provided with means to limit the travel of the fan assembly to prevent injury to personnel and damage to the building and fan.

An up-blast fan serving type I hoods and installed in a vertical or horizontal position shall be hinged, and supplied with a flexible weatherproof electrical cable to permit inspection and cleaning and shall be equipped with a means of restraint to limit the swing of the fan on its hinge. The ductwork shall extend a minimum of 18 inches (457 mm) above the roof surface.

507.1

Type 1 Hood installation

Added 2015

Change Type: **Modification**

A requirement has been added for type I hood installations to comply with all aspects of a Type I exhaust system, weather the Type I hood is required by the code or installed by choice.

Commercial kitchen exhaust hoods shall comply with the requirements of this section. Hood shall be Type I or Type II and shall be designed to capture and confine cooking vapors and residues. A Type I or Type II hood shall be installed at or above all commercial cooking appliances in accordance with sections 507.2 and 507.3. Where any cooking appliance under a single hood requires a Type I hood, a Type I hood shall be installed. Where a Type II hood is require, a Type I or Type II hood shall be installed. Where a Type I hood is installed, the installation of the entire system, including the hood, ducts, exhaust equipment and makeup air system shall comply with the requirements of sections 506, 507, 508 and 509. Commercial kitchen exhaust hood systems shall operate during the cooking operation.

Sometimes Type I hoods are installed where they are not required by the code. It could be by error or because the hood is being repurposed in a new location. If a Type 1 hood were connected to an exhaust system intend for Type II use, a fire hazard could result.

507.1.1

Commercial Kitchen Exhaust Hood System Operation

Added in 2015

Change Type: **Modification**

The requirements for automatic activation of the exhaust system has been revised to provide the intended performance requirements and to clarify that an interlock arrangement in an alternative to automatic hood operation.

Commercial kitchen exhaust hood systems shall operate during the cooking operation. The hood exhaust rate shall comply with the listing of the hood or shall comply with section 507.5. Type I hood systems shall be designed and installed to automatically activate the exhaust fan whenever cooking operations occur. The activation of the exhaust fan shall occur through an interlock with the cooking appliance, by means of heat sensors or by means of other approved methods. The exhaust fan serving a Type I hood shall have automatic controls that will activate the fan when any appliance that requires such Type I hood is turned on, or a means of interlock shall be provided that will prevent operation of such appliances when the exhaust fan is not turned on. Where one or more

temperature or radiant energy sensors are used to activate a Type I hood exhaust fan, the fan shall activate not more than 15-minutes after the first appliance, served by that hood, has been turned on. A method of interlock between an exhaust hood system and appliances equipped with standing pilot burners shall not cause the pilot burners to be extinguished. A method of interlock between an exhaust hood system and a cooking appliances shall not involve or depend upon any component of a fire extinguishing system. The net volumes for hoods shall be permitted to be reduced during part-load cooking conditions, where engineered or listed multispeed or variable speed controls automatically operate the exhaust system to maintain capture and removal of cooking effluents as required by this section. Reduced volumes shall not be below that required to maintain capture and removal of effluents from the idle cooking appliances that are operating in standby mode.

The text in previous editions of the code was not clear that automatic activation of the hood system was one of two compliance options. The code intends for the hood system to operate when any or all of the served appliances are being used. The new text also includes the criterion for how soon the hood system must activate after the first appliance has been turned on.

507.1.1.1

Heat Sensors for Multiple Commercial Kitchen Hoods

Added in 2015

Change Type: **Addition**

New text prohibits the use of a single sensor mounted in the common ductwork for commercial kitchen hood systems having multiple hoods connected to a manifold duct system.

Where heat or radiant energy sensors are utilized in hood systems consisting of multiple hoods served by a single exhaust system, such sensors shall be provided in each hood. Sensors shall be capable of being accessed from the hood outlet or from a cleanout location.

The new text will eliminate the possibility of a delay from a single sensor in a multiple hood, single duct design.

507.2.6

Clearances for Type 1 Hood

Added in 2018

Change Type: **Addition**

A new exception was added to recognize Type I hoods that are listed for clearances to combustibles less than 18 inches (457 mm)

Exceptions:

2. Type I hoods listed and labeled for clearances less than 18 inches in accordance with UL 710 shall be installed with the clearances specified by such listings.

Type I hoods can now be installed with clearances as close as zero inches if so listed and labeled.

507.2.8

Type 1 Hood Grease Filters

Added in 2015

Change Type: **Modification**

The new code now recognizes the use of disposable grease filters.

Type I hoods shall be equipped with grease filters listed and labeled in accordance with UL 1046 ~~and designed for the specific purpose. Grease-collecting equipment~~ Filters shall be provided with access for cleaning or replacement. The lowest edge of a grease filter located above the cooking surface shall be not less than the height specified in table ~~507.11~~ 507.2.8.

Criteria. Filters shall be of such size, type and arrangement as will permit the required quantity of air to pass through such units at rates not exceeding those for which the filter or unit was designed or approved. Filter units shall be installed in frames or holders so as to be readily removable without the use of separate tools, unless designed and installed to be cleaned in place and the system is equipped for such cleaning in place. Where filters are designed to be and required to be cleaned, removable filter units shall be of a size that will allow them to be cleaned in a dishwashing machine or pot sink. Filter units shall be arranged in place or provided with drip-intercepting devices to prevent grease or other condensate from dripping into food or on food preparation surfaces.

The revised text enables the use of disposable grease filters.

508.1.2

Air Balance for Commercial Kitchen Ventilation Systems

Added in 2015

Change Type: **Addition**

This new section requires that an air balance schedule be submitted with the design plans for commercial kitchen ventilation systems.

Design plans for a facility with a commercial kitchen ventilation system shall include a schedule or diagram indicating the design outdoor air balance. The design outdoor air balance shall indicate all exhaust and replacement air for the facility, plus the net exfiltration if applicable. The total replacement air airflow rate shall equal the total exhaust airflow rate plus the net exfiltration.

510.4, 510.5

Hazardous Exhaust Systems

Added in 2015

Change Type: **Modification**

Text in previous editions of the code that alluded to the recirculation of hazardous exhaust has been deleted. The previous exception was too broad in application, so the entire section has been reformatted to clarify the scope of the exception. The code now reads:

510.4 Hazardous exhaust systems shall be independent of other types of exhaust systems.

510.5 has been added and reads as follows:

Incompatible materials, as defined in the *international fire code*, shall not be exhausted through the same hazardous exhaust system. Hazardous exhaust systems shall not share common shafts with other duct systems, except where such systems are hazardous exhaust systems originating in the same fire area.

Exception: the provisions of this section shall not apply to laboratory exhaust systems where all of the following conditions apply:

1. All of the hazardous exhaust ductwork and other laboratory exhaust within both the occupied space and the shafts are under negative pressure while in operation.
2. The hazardous exhaust ductwork manifolded together within the occupied space must originate within the same fire area.
3. Hazardous exhaust ductwork originating in different fire areas and manifolded together in a common shaft shall meet the provisions of section 717.5.3, Exception 1.1 of the *International Building Code*.
4. Each control branch has a flow regulating device.
5. Perchloric acid hood and connected exhaust shall be prohibited from manifolding.
6. Radiosotope hoods are equipped with filtration and/or carbon beds where required by the registered design professional.
7. Biological safety cabinets are filtered.
8. Each hazardous exhaust duct system shall be served by redundant exhaust fans that comply with either of the following:
 - 8.1 The fan shall operate simultaneously in parallel and each fan shall be individually capable of providing the required exhaust rate.
 - 8.2 Each of the redundant fans is controlled so as to operate when the other fan has failed or is shut down for servicing.

Multiple difficulties with interpretation have been eliminated in the rewrite of section 510.4 and the introduction of section 510.5.

510.7.1.1

Hazardous Exhaust Duct Penetrations of Shafts

Added in 2015

Change Type: **Addition**

A pointer to the *International building Code* (IBC) provisions for hazardous exhaust duct penetrations of shafts has been added.

Hazardous exhaust ducts that penetrate fire-resistance-rated shafts shall comply with section 714.3.1 or 714.3.1.2 of the *International Building Code*.

The code prohibits fire and smoke dampers in hazardous exhaust ducts; therefore, another means of protection is required for penetrations of fire-resistance-rated assemblies.

514.2

Energy Recovery Ventilation Systems

Added in 2015

Change Type: **Modification**

Energy recovery ventilation (ERV) systems of the coil-type heat exchanger (run-around coils) are no longer limited in their application.

Exception: The application of ERV equipment that recovers sensible heat utilizing coil-type heat exchangers shall not be limited by this code section. Has been added.

601.5

Return Air Openings

Added in 2015

Change Type: **Addition**

The often misunderstood provisions in the previous editions of the code for return air have been relocated from a section specific to forced air-warm air furnaces in Chapter 9 to a more generic section in Chapter 6. The provisions have been clarified and streamlined to capture the desired intent.

The new code reads as follows:

Return air openings for HVAC systems shall comply with all of the following:

1. Openings shall not be located less than 10 feet measured in any direction from an open combustion chamber or draft hood of another appliance located in the same room or space.
2. Return air shall not be taken from a hazardous or insanitary location or a refrigeration room as defined in this code.
3. The amount of return air taken from any room or space shall be not greater than the flow rate of the supply air delivered to such room or space.
4. Return and transfer openings shall be sized in accordance with the appliance or equipment manufacturer's installation instructions, ACCA Manual D or the design of the registered design professional.
5. Return air taken from one dwelling unit shall not be discharged into another dwelling unit.
6. Taking return air from a crawl space shall not be accomplished through direct connection to the return side of a forced air furnace.

Transfer openings in the crawl space enclosure shall not be prohibited.

7. Return air shall not be taken from a closet, bathroom, toilet room, kitchen, garage, boiler room, furnace room or unconditioned attic.

~~918.6 Prohibited sources.~~ Has been deleted in its entirety.

The new text captures the many intentions of the old text while greatly simplifying it and presenting it in an easy-to-read format.

602.1

Plenums Limited to One Fire Area

Added in 2015

Change Type: **Clarification**

The revision clarifies that a plenum in a fire area cannot be connected to a plenum in an adjoining fire area by means of transfer ducts or openings, regardless of the presence of fire dampers.

Supply, return, exhaust, relief and ventilation air plenums shall be limited to uninhabitable crawl spaces, areas above a ceiling or below the floor, attic spaces and mechanical equipment rooms. Plenums shall be limited to one fire area. Air systems shall be ducted from the boundary of the fire area served directly to the air handling equipment. Fuel-fired appliances shall not be installed within a plenum.

602.2

Plenum Construction

Added in 2015

Change Type: **Modification**

Depending on the construction type of the building, plenums are no longer allowed to be bounded by the building materials that create the space being used as a plenum.

~~Plenum enclosures shall be constructed of materials permitted for the type of construction classification of the building.~~ Plenum enclosure construction materials that are exposed to the airflow shall comply with the requirements of section 703.5 of the *International Building Code* or such materials shall have a flame spread index of not more than 25 and a smoke-developed index of not more than 50 when tested in accordance with ASTM E 84 or UL 723. The use of gypsum boards to form plenums shall be limited to systems where the air temperatures do not exceed 125°F (52°C) and the building and mechanical system design conditions are such that the gypsum board surface temperatures will be maintained above the airstream dew-point temperatures. Air plenums formed by gypsum boards shall not be incorporated in air-handling systems utilizing evaporative coolers.

The new text no longer allows for building materials to be used in plenums that do not meet the minimum 25 flame spread index and also the 50 smoke-developed index.

602.2.1.5

Discrete Plumbing and Mechanical Products in Plenums

Added in 2015

Change Type: **Addition**

The code now addresses those products that in the previous editions of the code did not fall under the category of piping, wiring, ductwork, tubing, insulation and other continuous large surface area materials installed in plenums. A definition has been added to describe what is meant by discrete products.

Where discrete plumbing and mechanical products and appurtenances are located in a plenum and have exposed combustible material, they shall be listed and labeled for such use in accordance with UL 2043.

General Definitions

Discrete Products. Products that are non-continuous, individual, distinct pieces such as, but not limited to, electrical, plumbing and mechanical products and duct straps, duct fittings, duct registers and pipe hangers.

The new definition intends to describe products such as pull-ties strap, duct hanger strapping, duct fittings, detectors, speakers, control devices, pipe hangers, condensate pumps, etc. The definition refers to distinct individual pieces. These products are not suited for the test methods used for sheet materials, pipe, tubes and ducts. Therefore,

discrete products are now required to be tested in accordance with the appropriate standard, UL 2043.

602.2.1.8

Pipe and Duct Insulation within Plenums

Added in 2018

Change Type: **Addition**

A new section specifically addresses duct and pipe insulation in plenums.

Pipe and duct insulation contained within plenums, including insulation adhesives, shall have a flame spread of not more than 25 and a smoke developed index of not more than 50 when tested in accordance with ASTM E84 or UL 723, using specimen preparation and mounting procedures of ASTM E2231. Pipe and duct insulation shall not flame, glow, smolder or smoke when tested in accordance with ASTM C411 at the temperature to which they are exposed in service. The test temperature shall not fall below 250°F (121°C). Pipe and duct insulation shall be listed and labeled.

Although materials were covered in general in section 602.2.1, there was no subsection to specifically address duct and pipe insulation installed on the exterior of ducts and pipes located within plenums.

Table 603.4

Duct construction Minimum Sheet Metal Thickness for Single Dwelling Units

Added in 2015

Change Type: **Modification**

The table for duct gages for single dwelling units has been replaced with thicknesses consistent with SMACNA sheet metal construction standard.

Previous editions of the IMC allowed 30 gage metal ducts for dwelling units, depending on the duct size. In the 2009 and 2012 editions, 30 gage ducts were not an option. However, there was no demonstrated justification for eliminating 30 gage sheet metal from a strength, longevity, functionality, economic or energy standpoint.

603.5.2

Phenolic Ducts

Added in 2018

Change Type: **Addition**

The code added coverage for a newer type of non-metallic phenolic duct.

Nonmetallic phenolic ducts shall be constructed and installed in accordance with the SMACNA Phenolic Duct Construction Standards.

The code now references the SMACNA standard for phenolic duct construction.

603.8.2

Testing of Underground Ducts

Added in 2018

Change Type: **Modification**

The code now address the testing of underground ducts.

Duct shall be sealed, ~~and~~ secured and tested prior to ~~pouring the~~ concrete encasement or direct burial. Ducts shall be tested as required by section C403 of the International Energy Code.

Underground ducts are required to be sealed, secured in place to prevent movement or floating and tested, all prior to burial or pouring concrete.

603.9

Duct Joints, Seams and Connections

Added in 2015

Change Type: **Modification**

Note: This section was modified again in 2018.

Duct sealant tapes used on sheet metal ducts must be listed to UL 181B as is required for sealing tapes and mastics for flexible ducts. Snap-lock and button-lock seams are no longer exempt from the sealing requirements.

All longitudinal and transverse joints, seams and connections in metallic and non-metallic ducts shall be constructed as specified in SMACNA HVAC duct construction standards-metal and flexible and NAIMA fibrous glass duct construction standards. All joints, longitudinal and transverse seams and connections in ductwork shall be securely fastened and sealed with welds, gaskets, mastics (adhesives), mastic-plus-embedded- fabric systems, liquid sealants or tapes. ~~Closure systems~~ Tapes and mastics used to seal fibrous glass ductwork shall be listed and labeled in accordance with UL 181A and shall be marked "181A-P" for pressure-sensitive tape, "181-M" for mastic or "181-H" for heat-sensitive tape. ~~Closure systems~~ Tapes and mastics used to seal metallic and flexible air ducts and flexible air connectors shall comply with UL 181B and shall be marked "181-FX" for pressure sensitive tape or "181M-B" for mastics. Duct connections to flanges of air distribution systems equipment shall be sealed and mechanically fastened. Mechanical fasteners for use with flexible nonmetallic air ducts shall comply with UL 181B and shall be marked "181B-C. Closure systems used to seal ~~metal~~ All Ductwork shall be installed in accordance with manufacturer's installation instructions. ~~Unlisted duct tape is not permitted as a sealant on any duct.~~

Exception: Continuously welded and locking-type longitudinal joints and seams in ducts operating at static pressures less than 2 inches of water column (500 Pa) pressure classification shall not require additional closure systems. For ducts having a static pressure classification of less than 2 inches water column (500 Pa), additional closure systems shall not be required for continuously welded joints and seams and locking-type joints and seams of other than snap-lock and button-lock types.

603.9

Snap-lock and Button-lock Duct Joints

Added in 2018

Change Type: **Modification**

The code is less restrictive for Snap- and button-lock duct joints located within the thermal envelope.

~~All~~ Longitudinal and transverse joints, seams and connections in metallic and non-metallic ducts shall be constructed as specified in SMACNA HVAC duct construction standards-metal and flexible and ~~NAIMA~~ fibrous glass duct construction standards. ~~All~~ Joints, longitudinal and transverse seams and connections in ductwork shall be securely fastened and sealed with welds,

gaskets, mastics (adhesives), mastic-plus-embedded- fabric systems, liquid sealants or tapes. Tapes and mastics used to seal fibrous glass ductwork shall be listed and labeled in accordance with UL 181A and shall be marked "181A-P" for pressure-sensitive tape, "181-M" for mastic or "181-H" for heat-sensitive tape. Tapes and mastics used to seal metallic and flexible air ducts and flexible air connectors shall comply with UL 181B and shall be marked "181-FX" for pressure sensitive tape or "181M-B" for mastics. Duct connections to flanges of air distribution systems equipment shall be sealed and mechanically fastened. Mechanical fasteners for use with flexible nonmetallic air ducts shall comply with UL 181B and shall be marked "181B-C. Closure systems used to seal all ductwork shall be installed in accordance with manufacturer's instructions.

Exception: For ducts having a static pressure classification of less than 2 inches water column (500 Pa), additional closure systems shall not be required for continuously welded joints and seams and locking-type joints and seams, ~~of other than~~ This exception shall not apply to snap-lock and button-lock type joints and seams located outside of conditioned spaces.

The new text relaxes this requirement by allowing joints and seam of the locking-type that are located inside conditioned spaces to be adequately sealed without requiring additional sealing.

607.3.1

Ceiling Radiation Dampers

Added in 2018

Change Type: **Modification**

The code mandates dynamic-type ceiling radiation dampers where subject to continuous air flow from HVAC fans.

Dampers shall be listed and labeled in accordance with the standards in this section. Fire dampers shall comply with the requirements of UL 555. Only fire damper ~~and ceiling radiation dampers~~ labeled for use in dynamic systems shall be installed in heating, ventilating and air-conditioning systems designed to operate with fans on during a fire. Smoke dampers shall comply with the requirements of both UL 555 and UL 555S. Ceiling radiation dampers shall comply with the requirements of UL 555C or shall be tested as part of a fire-resistance-rated floor/ceiling or roof/ ceiling assembly in accordance with ASTM E119 or UL 263. Only ceiling radiation dampers labeled for use in a dynamic system shall be installed in heating, ventilating and air-conditioning systems

designed to operate with fans on during a fire. Corridor dampers shall comply with the requirements of both UL 555 and UL 555S. Corridor dampers shall demonstrate acceptable closure performance when subject to 150 feet per minute (0.76 mps) velocity across the face of the damper using UL 555 fire exposure test.

The code now recognizes that ceiling radiation dampers need to be compatible with HVAC system operation.

701.2

Dampened Openings

Added in 2015

Change Type: **Addition**

Where dampers are installed on combustion air openings, the code now requires an interlock with the appliance to prevent operation of the appliance when the damper is closed. Manual dampers are prohibited on combustion air openings.

Where combustion air openings are provided with volume, smoke, or fire dampers, the dampers shall be interlocked with the firing cycle of the appliances served, so as to prevent operation of any appliance that draws combustion air from the room or space when any of the dampers are closed. Manual Dampers shall not be installed in combustion air ducts. Ducts not provided with dampers and that pass through rated construction shall be enclosed in a shaft in accordance with the *International Building Code*.

802.9

Door Clearance to Vent Terminals

Added in 2015

Change Type: **Addition**

To prevent damage to the vent, door or surrounding materials, doors are not permitted to swing within 12 inches of an appliance vent terminal.

Appliance and equipment vent terminals shall be located such that doors cannot swing within 12 inches (305 mm) horizontally of the vent terminal. Door stops or closures shall not be installed to obtain this clearance.

903.4

Gasketed Fireplace Doors

Added in 2015

Change Type: **Addition**

Gasketed (sealed) doors are prohibited on factory-built fireplaces except where the fireplaces are listed for use with such doors.

A gasketed fireplace door shall not be installed on a factory-built fireplace except where the fireplace system has been specifically tested, listed and labeled for such use in accordance with UL 127.

929, 202

High-volume Large-diameter Fans

Added in 2018

Change Type: **Addition**

The code added coverage for High-volume Large-diameter (HVLD) fans.

Where provided, a high-volume large-diameter fans shall be tested and labeled in accordance with AMCA 230, listed and labeled in accordance with UL 507, and installed in accordance with the manufacturer's instructions.

General Definitions

HIGH-VOLUME LARGE-DIAMETER FAN. A low-speed ceiling fan that circulates large volumes of air and that is greater than 7 feet (2134 mm) in diameter.

Previously the code did not specifically cover these types of fans.

1102.3

Refrigerant Access Port Protection

Added in 2015

Change Type: Addition

The requirement for making refrigerant access ports tamper resistant has been expanded to apply to existing systems when service to such systems involve adding or removing refrigerant.

Refrigerant access ports shall be protected in accordance with section 1101.10 whenever refrigerant is added to or recovered from refrigeration or air conditioning systems.

1105.6.3

Ammonia System Ventilation Rate

Added in 2018

Change Type: Modification

An important clarification was added regarding the ventilation rate required for ammonia systems, thereby resolving an interpretation issue.

For other than ammonia systems, the mechanical ventilation system shall be capable of exhausting the minimum quantity of air both at normal operating and emergency conditions, as required by sections 1105.6.3.1 and 1105.6.3.2. The minimum required emergency ventilation rate for ammonia shall be 30 air changes per hour in accordance with IAR2. Multiple fans or multispeed fans shall be allowed to produce the emergency ventilation rate and to obtain a reduced airflow for normal ventilation.

Section 1105.6.3 references normal and emergency ventilation for machinery rooms for other than ammonia systems. For ammonia systems, this section prescribes a ventilation rate of 30 air changes per hour, but it failed to state if this rate is for emergency or normal conditions. It now states that the 30 ACH rate is for emergency operation.

1107.2

Refrigerant Piping Location

Added in 2018

Change Type: Modification

This code section was rewritten to clearly state the intent regarding the prohibited locations for refrigeration piping.

Refrigerant piping that crosses an open space that affords passageway in any building shall be not less than 7 feet 3 inches (2210 mm) above the floor unless the pipe is located against the ceiling of such space. Refrigerant piping shall not be placed in any of the following: elevator, dumbwaiter or other shaft containing a moving object or in any shaft that has openings to living quarters or to means of egress. Refrigerant piping shall not be installed in an enclosed public stairway, stairway landing or means of egress.

1. A fire-resistance-rated exit access corridor.
2. An interior exit stairway.
3. An interior exit ramp.
4. An exit passageway.
5. An elevator, dumbwaiter or other shaft containing a moving object.
6. A shaft that has one or more openings into a fire-resistance-rated exit access corridor, interior exit stairway or ramp or exit passageway.

Previous editions of the code prohibited refrigerant piping in enclosed public stairways, stairway landings and means of egress. This wording was very ambiguous, especially the reference to “means of egress” and the terminology was inconsistent with the *International Building Code*. Means of egress is defined as a continuous and unobstructed path of horizontal and vertical egress travel from any occupied portion of a building, thus refrigerant piping would be prohibited almost everywhere in a building. The actual intent was logically assumed to be to prohibit refrigerant piping in exit stairways, exit ramps, exit passageways and fire-resistance-rated exit access corridors. A refrigerant leak in such spaces could jeopardize egress from the building.

Chapter 14

Solar Thermal Systems

Added in 2018

Change Type: Modification

This chapter was substantially rewritten for consistency with current technology.

SECTION 1401

GENERAL

1401.1 Scope. This chapter shall govern the design, construction, installation, alteration and repair of solar thermal systems, equipment and appliances intended to utilize solar energy for space heating or cooling, domestic hot water heating, swimming pool heaters or process heating.

1401.4 Solar energy thermal equipment and appliances. Solar energy thermal equipment and appliances shall conform to the requirements of this chapter and ICC 900/SRCC 300. Solar thermal systems shall be listed and labeled in accordance with ICC900/SRCC300 and shall be installed in accordance with manufacturer's instruction and ICC900/SRCC300.

1401.4.1 Collectors and panels. Solar thermal collectors and panels shall be listed and labeled in accordance with ICC901/SRCC100.

SECTION 1402

DESIGN AND INSTALLATION

1402.1 General. The design and installation of solar thermal systems shall comply with sections 1402.1 through 1402.8. Solar thermal systems shall be listed and labeled in accordance with ICC 900/SRCC300 and shall be installed in accordance with the manufacturer's instructions and ICC900/SRCC300.

~~1402.1~~ **1402.2 Access.** Access shall be provided to solar energy thermal equipment ~~and appliances~~ for maintenance. Solar thermal systems and appurtenances shall not obstruct or interfere with operation of any doors, windows or other building component requiring operation or access. Roof-mounted solar thermal equipment shall not obstruct or interfere with the operation of roof-mounted equipment, appliances, chimneys, roof hatches, smoke vents, skylights, and other roof penetrations and openings.

(Portions of chapter 14 are not shown for brevity and clarity. Refer to the 2018 IMC for the complete text.)

Significant Changes IRC 2012 to 2018

Part 5 and 6

Part 5
Mechanical

Access to Furnaces within Compartments

Added in 2018

Change Type: **Deletion**

M1305.1.1

The appliance access and clearance requirements for furnaces in compartments have been removed from the code in favor of other code provisions and manufacturer's instructions.

Appliances Installed in Pits

Added in 2018

Change Type: **Modification**

M1305.1.3.2

The requirement for appliance installation in pits has been expanded to provide more detail and to be similar to language found in other ICC codes. Where the depth of a pit exceeds 12 inches, the new code requires concrete or masonry walls constructed to resist collapse and that extend 4 inches above adjoining grade. The minimum bottom clearance has been reduced from 6 inches to 3 inches.

Clothes Dryer Exhaust

Added in 2015

Change Type: **Addition**

M1502.4.4 M1502.4.5

The code now recognizes the use of dryer duct power ventilators to increase the allowable exhaust duct length for clothes dryers. The maximum length allowed for dryer ducts equipped with power ventilators is to be determined by the manufacturer's installation instruction. Ref. M1502.4.5.3

M1502.4.6. Change Type: **Modification**

A permanent label identifying the concealed length of the dryer exhaust duct is no longer required where the equivalent duct length does not exceed 35 feet. For the dryer exhaust duct exceeding 35 feet, a label or tag is required whether the duct is concealed or not.

Added in 2018.

Change Type: **Modification**

M1502.3.1

A minimum area of 12.5 square inches has been established for the terminal outlet of the dryer duct exhaust.

M1502.4.2

Wall and ceiling cavities enclosing dryer exhaust ducts must provide sufficient space that the 4-inch duct is not squeezed out of its shape or deformed in any way.

Domestic Cooking Exhaust Equipment

Added in 2018

Change Type: **Modification**

M1503

Changed the section from ~~M1503 Range Hoods~~ to M1503 Domestic Cooking Exhaust Equipment. "Domestic cooking equipment" is the terminology for "kitchen exhaust" because it is more descriptive and includes all of the components of the exhaust system.

This section has undergone several changes to the verbiage to encompass a larger verity of equipment that may be used. In addition section location has been shuffled. The following is a list of the most significant and relevant changes.

M1503.2 Items 1thru 4.

Addition of compliance with UL listings for Fans, equipment and microwaves installed in domestic kitchens.

~~M1505.1 Overhead Exhaust Hoods~~. Has been removed, and replaced with M1503.2.1 Open Top Broiler Exhaust. Slight changes to the verbiage, and the last sentence from the 2012 IRC has had minor changes to the verbiage and been moved to an exception.

~~Section 1504 Installation of Microwave Ovens~~. Has been **REMOVED**. The minimum clearances and applicable standard for microwaves ovens installed above a domestic cooking appliances have been consolidated in section 1901 covering other cooking appliances.

Makeup Air for Kitchen Exhaust Systems

Added in 2018

Change Type: **Modification**

M1503.6

Makeup air for domestic cooking exhaust systems is no longer required if all fuel-burning appliances in the dwelling unit have a direct vent or mechanical draft vent system.

Makeup air is allowed to be mechanical or passively provided and is required to have a damper that complies with section M1503.6.1

M1503.6.1 Location.

Makeup air serving domestic cooking exhaust is allowed to be located in any room or duct that directly communicates with the exhaust system having a permanent opening with a cross sectional opening equal to or greater than the makeup air supply opening.

M1503.6.2. Makeup Air Dampers.

Was also added indicating what types of dampers may be used in the makeup air system and the requirement for them to be located in a serviceable location.

Exhaust Ducts and Exhaust Openings

Added in 2015

Change Type: **Addition**

The code establishes maximum exhaust duct lengths based on duct diameter, type of duct and the exhaust fan air flow rating.

M1506.2 and Table M1506.2 to determine exhaust duct lengths and requirements.

No changes were made to exhaust openings.

Above-Ground Duct Systems

Added in 2015

Change Type: **Modification**

M1601.1.1 Table M1601.1.1

The list of duct system requirements has been revised to reference the applicable standards and delete redundant language. The table for material thickness of metal ducts was replaced with what is currently consistent with SMACNA sheet metal construction standard. This returns the minimum thickness for 14 inch ducts back from the 2009 IRC to 30ga.

M1601.2 Factory Made Ducts. **REMOVED.**

These burning classifications are already covered in the referenced UL 181 standard and it is not necessary to repeat them in the code.

Duct Installation

Added in 2015

Change Type: **Modification**

M1601.4

Tapes and mastics used to seal sheet metal ducts must be listed to UL 181 B as has been required for sealing flexible ducts. Snap-lock and button-lock seams are no longer exempt from the sealing requirements.

M1601.4.2 Duct Lap.

Has been removed from section M1601.4.1 and the requirements for crimping and insertion of oval pipe is now included.

M1601.4.4 Support.

This section has been revised and now reads: Manufacture's installation instructions and SMACNA standards are to be referenced for appropriate support intervals.

Added in 2018

Exception: For ducts having a static pressure classification of less than 2 inches water column (500 Pa), additional closure systems shall not be required for continuously welded joints and seams and locking-type joints and seams, ~~of other than~~ This exception shall not apply to snap-lock and button-lock type joints and seams located outside of conditioned spaces.

The new text relaxes this requirement by allowing joints and seam of the locking-type that are located inside conditioned spaces to be adequately sealed without requiring additional sealing.

Underground Duct Systems

Added in 2018

Change Type: **Modification**

M1601.2

Underground duct systems, including both direct-burial ducts and those incased in concrete, require sealing and testing.

Return air

Added in 2015

Change Type: **Modification**

M1602

This section has been revised and simplified to clarify understanding. The provisions for outdoor air openings have been REMOVED and the code now references the outdoor air provisions from chapter 3.

Item 3 regarding a space that was less than 25 percent of the entire volume served by the system was not well understood and not typically followed. This item has been REMOVED and replaced. The new code simply requires the amount of return air taken from any room is not greater than the supply air delivered.

~~Item 5 A room or space containing a fuel-burning appliance where such room or space serves as the sole source of return air.~~ Has been REMOVED in its entirety, as it was deemed problematic.

The intent of the return air provisions is to keep contaminates out. The new text accomplishes this and captures the intent of the previous provisions.

Ranges and Ovens

Added in 2018

Change Type: **Clarification**

M1901

The provisions for reduced clearances above ranges and ovens have been clarified. These clearances were previously found in chapter 15. The listing requirement for microwave ovens has been added to section 1901.

Hanger Spacing for PEX Tubing

Added in 2018

Change Type: **Modification**

M2101.9

Support spacing for PEX tubing 1 ¼ inches in diameter or greater have been added to table M2101.9

Pressure Tests for Hydronic Piping

Added in 2018

Change Type: **Modification**

M2101.10

The requirement for the pressure test to last not more than 20 minutes has been removed, and now simply reads: The duration of each test shall be not less than 15 minutes.

Compressed air testing of PEX hydronic piping is now allowed when testing is in accordance with manufacturer's instructions.

Thermal Barrier for Radiant Floor Heating Systems

Added in 2018

Change Type: **Modification**

M2103.2

For hydronic floor heating systems, the minimum insulation R-values have been removed from this section and a reference to the energy provisions of chapter 11 has been added.

Solar Thermal Energy Systems

Added in 2018

Change Type: **Modification**

M2301.2.1

This section has been re-written and now clarifies roof mounted solar collectors and equipment should not interfere with the operation of key safety components and features of other systems.

M2301.2.6

Freeze protection shall be provided by heating, insulation, thermal mass heat transfer fluids has been replaced with in accordance with ICC900/SRCC300.

New subsections have been added that address two common freeze protection methods: drain back systems and freeze protection valves.

Drain back systems require a ¼ in 12 units slope from areas of freezing to locations not subject.

Freeze protection valves must not discharge in a manner that will create a hazard or structural damage.

Part 6

Fuel Gas

Condensate Pumps

Added in 2015

Change Type: **Addition**

G2404.11

Condensate pumps located in uninhabitable spaces must be connected to the appliance to shut down the equipment if the pump fails.

Prohibited Locations for Appliances

Added in 2018

Change Type: **Modification**

G2406.2

Exception 6 Clothes dryers are now allowed to be installed in bathrooms and toilet rooms. This exception is only allowed when a permanent opening not less than 100 square inches is installed. This opening must not communicate with sleeping rooms, bathrooms, toilet rooms, or storage closets.

Electrical Bonding of CSST

Added in 2018

Change Type: **Modification**

G2411.2 G2411.3

The existing provisions for electrical bonding apply to CSST without an arc-resistant jacket or coating. New provisions added now address CSST with bonding jackets and coatings.

Maximum Gas Demand

Added in 2015

Change Type: **Modification**

G2413.2

Table G2413.2 has been REMOVED and the code has been clarified that the actual maximum input rating of appliances is to be used for gas pipe sizing.

Schedule 10 Steel Gas Piping

Added in 2018

Change Type: **Modification**

G2414.4.2

Steel, stainless steel and wrought-iron as light as schedule 10 is now allowed.

G2414.10.1

Allows schedule 40 (or heavier) piping to be connect by threads, flanges, brazing, welds, or assembled with listed press connect fittings listed with ANSI LC4/CSA-6.32. Pipe lighter than schedule 40 is allowed to be connect using press-connect fittings, flanges, brazing or welding.

Plastic Pipe, Tubing and Fittings

Added in 2015

Change Type: **Modification**

G2414.6

The code now expressly prohibits the use of [PVC] and [CPVC] where in the past it was silent on these materials.

Fittings In Concealed Locations

Added in 2015

Change Type: Clarification

G2415.5

This section was reformatted to state what fittings are allowed in concealed locations, rather than listing what is prohibited and the exceptions. The new text list the four types of allowed fittings: threaded elbows, tees, and couplings; brazed fittings; welded fittings; and proprietary fittings listed to ANSI LC-1 or ANSI LC-4.

Protection of Concealed Piping Against Physical Damage

Added in 2015

Change Type: Modification

G2415.7

This section has been rewritten and now includes the requirement for piping ran parallel to framing members and piping within framing members to be protected, when located less than 1 ½ inch from the framing to which wall, ceiling, or floor membranes will be attached. When installed within 1 ½ inches shield plates will be required that cover the width and length of the pipe.

Exception: Black steel piping and galvanized steel piping shall not be required to be protected.

Protection against Corrosion

Added in 2018

Change Type: Modification

G2415.11

This section has been reorganized and updated. Previously this section applied to all metallic piping and tubing. Because copper and copper alloy tubing is less susceptible to corrosion, the requirements now only apply to steel piping and tubing. Stainless steel has been added to material requiring protection under some circumstances. Galvanized (zinc coated) is not approved for direct burial.

The code now identifies 3 methods of protection:

1. Piping made of non-corrosive material.
2. Factory-applied, electrically-insulating coated.

3. Cathodic protection system installed that is monitored and maintained with an approved program.

Field applied coating or wrap is not allowed.

Risers used in underground piping systems are required to be anodeless or cathodically protected by means of a welded anode.

Shutoff Valve Location

Added in 2018

Change Type: **Clarification**

G2420.5.1

Shutoff valves located behind movable appliances such as gas dryers and ranges are considered as meeting the requirement for access.

Support for Shutoff Valves in Tubing Systems

Added in 2018

Change Type: **Addition**

G2420.6

Shutoff valves installed in tubing systems shall be rigidly and securely supported independently of the tubing.

Shut off valves installed in piping systems such as T-handle key valves for fireplaces, or valves in the run of CSST tubing are required to be independently supported and secured so damage will not occur when torque is applied.

Medium-Pressure Regulators

Added in 2015

Change Type: **Modification**

G2421.2

Item 7. Has been added. Where connected to rigid piping, a union shall be installed within 1 foot of either side of the MP regulator.

Connecting Portable and Movable Appliances

Added in 2015

Change Type: **Modification**

Gas hoses used to connected portable outdoor appliances are practically limited to hoses designed for this purpose. Such hoses must comply with ANSI Z21.54. With the addition of Item 7.

Door Clearances to Vent Terminals

Added in 2015

Change Type: **Addition**

G2426.7.1

An appliance vent terminal is not permitted in a location within 12 inches of the arc of a swinging door.

Plastic Piping for Appliance Vents

Added in 2015

Change Type: **Modification**

G2427.4.1

The approval of plastic pipe for venting appliances is no longer a responsibility of the building official and, instead, that responsibility rests with the appliance manufacturer and the appliance listing agency.

G2427.6.8.3

The code is no longer silent on the sizing of plastic piping for appliance vents and now states: the sizing of plastic pipe shall be in accordance with the manufacturer's instructions.

Venting System Termination Location

Added in 2015

Change Type: **Modification**

G2427.8

Item #5: New text addresses the location of sidewall vent terminations with respect to adjoining buildings. A 10-foot separation is required when a vent discharges in the direction of an opening in an adjacent building.

Clothes Dryer Exhaust Ducts

Added in 2015

Change Type: **Modification**

G2439.4

The code now recognizes the use of dryer duct power ventilators to increase the allowable exhaust duct length for clothes dryers. The maximum length allowed for dryer ducts equipped with power ventilators is to be determined by the manufacturer's installation instruction. Ref G2439.7.4.3.

G2439.7.2

The allowance for mechanical fasteners now reads the same as section 1502 Ducts shall not be joined with screws or similar fasteners that protrude more than 1/8 inch into the inside of the duct.

G2439.7.5

A permanent label identifying the concealed length of the dryer exhaust duct is no longer required where the equivalent duct length does not exceed 35 feet. For the dryer exhaust duct exceeding 35 feet, a label or tag is required whether the duct is concealed or not.

Forced Air Furnace Duct Size

Added in 2018

Change type: **Deletion**

The prescriptive duct size requirements for forced air furnaces have been deleted in favor of other sizing methods specific to the appliance.

Prohibited Location of Commercial Cooking Appliances

Added in 2015

Change Type: **Modification**

The code does not prohibit the installation of cooking appliances that are listed as both commercial and domestic appliances. Previously the code did not allow commercial cooking appliances in domestic applications. With the exceptions introduced in 2015 and 2018 there are now paths that allow such use.

Exception: Appliances that are also listed as domestic cooking appliances. Was added to address appliances labeled for both cooking applications.

Added in 2018. Change Type: Modification

Exception: 2. Where the installation is designed by a licensed professional engineer in compliance with the manufacturer's installation instructions.

AGENDA
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE
1:30 P.M.
Room WW54
Thursday, February 06, 2020

SUBJECT	DESCRIPTION	PRESENTER
MINUTES APPROVAL:	Minutes of January 30, 2020	Senator Ward-Engelking
<u>RS27238</u>	Relating to Manufactured Homes	Patrick Grace, Regional Manager, Idaho Division of Building Safety
<u>RS27521</u>	Relating to the Right to Repair	Senator Nelson
<u>RS27594</u>	Relating to Credit Union Act Update	Ryan Fitzgerald, NW Credit Union Association
<u>RS27652</u>	Relating to Firefighter Collective Bargaining	Shaun Laughlin, Professional Firefighters of Idaho
<u>RS27558</u>	Concurrent Resolution Relating to the Adoption of Electric Vehicle-Ready Multi-Family and Commercial Building Codes	Representative Rubel Senator Stennett
<u>S 1262</u>	Relating to Employment Security Law	Jani Revier, Director, Idaho Department of Labor
<u>S 1275</u>	Relating to Health Benefit Options	Senator Buckner-Webb
<u>H 313</u>	Relating to Acupuncture	Kelley Packer, Bureau Chief, Idaho Bureau of Occupational Licensing
<u>H 318</u>	Relating to Occupational Licensing	Kelley Packer

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Patrick	Sen Thayn
Vice Chairman Agenbroad	Sen Souza
Sen Martin	Sen Ward-Engelking
Sen Lakey	Sen Burgoyne
Sen Guthrie	

COMMITTEE SECRETARY

Linda Kambeitz
Room: WW46
Phone: 332-1333
Email: scom@senate.idaho.gov

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Thursday, February 06, 2020

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Agenbroad, Senators Martin, Lakey, Guthrie, Thayn, Souza, Ward-Engelking, and Burgoyne

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Patrick** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:30 p.m.

MINUTES APPROVAL: **Chairman Patrick** announced the minutes approval would be moved to a later time on the agenda.

RS 27238 **Relating to Manufactured Homes.** **Patrick Grace**, Regional Manager, Idaho Division of Building Safety (IDBS), indicated this proposed legislation seeks to eliminate certain license types and remove barriers to licensing. This proposed legislation eliminates the resale broker license and requires a person who sells only used homes to obtain the retailer license. The prices of both licenses are the same and licensing requirements for both are similar.

Mr. Grace explained the difference between manufactured homes and mobile homes and how they are regulated.

Mr. Grace noted Idaho Code § 44-2101 requires a person who is employed by a retailer or resale broker and who sells, lists, purchases, or exchanges new or used homes for a salary, commission, or other compensation to obtain a salesman license. Idaho Code requires a person who supervises the employees of a retailer, resale broker, or installer, to obtain a responsible managing employee (RME) license. This proposed legislation eliminates the salesman and RME licenses. The salesman and RME licenses were intended to require the employees of retailers, resale brokers, and installers to meet the same standards as their employers. The Factory Built Structures Advisory Board and IDBS intend to meet that objective by holding retailers and installers responsible for the conduct of their employees.

Mr. Grace indicated this legislation allows those who may currently utilize a resale broker license to continue to sell third-party (used) owned homes by expanding the types of homes a retailer may sell.

Mr. Grace reported Idaho Code § 44-2101(1) requires applicants for original retailer or resale broker licenses to submit to a criminal history background check. This proposed legislation eliminates the background check. He noted the IDBS has not found the background check to be effective. Because the background check is required only upon initial (not renewal) application, it does not protect against future criminal violations of licensees. In addition, the IDBS does not have any record of a denied application based on the findings of background checks. Background checks inhibit the rehabilitation of persons with criminal backgrounds seeking retailer or resale broker licenses.

Mr. Grace stated this legislation will not have a fiscal impact on any general or federal funds. This legislation will have a negative fiscal impact of approximately \$3,500 over the course of a fiscal year on the factory-built structures dedicated fund, due to the elimination of revenue generated by fees for the eliminated licenses.

MOTION: **Senator Lakey** moved to send **RS 27238** to print. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: **Senator Ward-Engelking** moved to approve the Minutes of January 30, 2020. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

RS 27521 **Relating to the Right to Repair.** **Senator Nelson** stated this proposed legislation provides for the fair repair of electronic equipment. It requires manufacturers to make available parts, service literature, diagnostic equipment, and proprietary tools to consumers and independent repair facilities. He noted electronic equipment ranges from smartphones to farm equipment where a microprocessor is part of the product. **Senator Nelson** remarked the legislative intent is to maintain freedom of commerce by preventing manufacturers of electronic equipment from controlling repairs, so the only choice for the consumer is the manufacturer-owned or controlled facility.

Senator Nelson indicated there is no projected increase or decrease in existing or future appropriations in revenues by the state or units of local government because the provisions of this bill will largely be enforced through private litigation. Existing budgets would absorb any additional workload dealing with consumers through the Attorney General's office.

DISCUSSION: **Senator Souza** and **Senator Nelson** discussed the availability of parts and the consequences of not having them available.

MOTION: **Senator Souza** moved to send **RS 27521** to print. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.

RS 27594 **Relating to Credit Union Act Update.** **Ryan Fitzgerald**, Northwest Credit Union Association (NWCUA), indicated the purpose of this bill is to update and modernize the investment, lending, and fixed asset provisions of the Idaho Credit Union Act (ICUA). The legislation provides flexibility and modern provisions to allow Idaho state-chartered credit unions to better serve their members.

Mr. Fitzgerald reported the updates to the ICUA provide the following: 1.) clarifies requirements and provides more flexibility for credit unions that acquire and hold fixed assets, as well as provides guidelines for the disposal of acquired assets; 2.) provides flexibility for individual Idaho credit unions to determine the best overall mixture of fixed assets; 3.) reorganizes the lending section of the ICUA to keep pace with modernized lending requirements within the marketplace; 4.) provides clarity and regulation alignment for credit unions who wish to work collaboratively on loan participations; 5.) updates and clarifies loan maturity limits, while aligning when the Idaho Department of Finance (IDOF) can require an appraisal on a loan; 6.) modernizes investment practices to align with the flexibility being offered to federally-chartered credit unions regulated by the National Credit Union Administration (NCUA); 7.) provides additional government-backed investment vehicles to allow for more flexible investments for state-chartered credit unions; and 8.) updates the authority to invest in Credit Union Service Organizations (CUSO), which aligns with NCUA regulations.

Mr. Fitzgerald stated there will be no fiscal impact to the General Fund associated with this proposed legislation. The provisions of this legislation specifically relate to the investments and lending practices of state-chartered credit unions and will

require no additional resources of the IDOF, nor will it increase or decrease the IDOF's revenues or expenditures.

MOTION: **Senator Souza** moved to send **RS 27594** to print. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

RS 27652 **Relating to Firefighter Collective Bargaining.** **Rob Shoplock**, Professional Firefighters of Idaho, presented on behalf of Shaun Laughlin, and indicated this proposed legislation amends Idaho Code §§ 44-1806 and 44-1807, pertaining to firefighter collective bargaining. **Mr. Shoplock** noted that under existing law, if an impasse between the representative of the employer and the firefighters is reached, the parties will use Federal Mediation and Conciliation Service (FMCS) as mediators to try and resolve the issue. If the issue is not resolved through mediation, the proposed amendments affect how fact-finders are selected. This proposed legislation institutes a process for how a final contract is produced using previously negotiated articles, in conjunction with the factfinder's recommendations. It also makes the factfinder's decision final and binding upon both parties, rather than merely advisory. A two-week period will be available for both sides to come together and resolve the issue before the fact-finding decision becomes binding.

Mr. Shoplock stated there is no projected increase or decrease in existing or future appropriations, nor an increase or decrease in revenue by the state or units of local government. Factfinding is current in the firefighters' collective bargaining process that results in a certain amount of expense. This legislation does not increase that expense, as it simply provides for mediation, makes the factfinder's recommendation binding instead of advisory, and otherwise makes the process operate more effectively.

MOTION: **Senator Guthrie** moved to send **RS 27652** to print. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

RS 27558 **Concurrent Resolution Relating to the Adoption of Electric Vehicle-Ready Multi-Family and Commercial Building Codes.** **Senator Stennett**, coauthor of this proposed legislation, introduced Representative Rubel. **Representative Rubel** stated this concurrent resolution recognizes the economic benefits to Idaho arising from the increased use of electric vehicles, and asks the Idaho Building Code Board (IBCB) to study and consider standards for multi-family residential dwellings and commercial buildings that include electric vehicle-capable infrastructure, which would include a place to plug in electric cars.

Representative Rubel remarked this concurrent resolution would not require any outlay from the General Fund or any other state or local fund. The IBCB already conducts analyses of many factors in considering code standards and this resolution would not cause additional costs to be incurred in that process.

DISCUSSION: **Senator Souza** and **Representative Rubel** discussed how the adoption of this concurrent resolution would work and whether the installation of plugs for electric cars could be incorporated into the building code as a requirement. **Senator Souza** stated she would only be in support of this concurrent resolution if the requirement was optional.

MOTION: **Senator Ward-Engelking** moved to send **RS 27558** to print. **Senator Burgoyne** seconded the motion.

ROLL CALL VOTE: **Chairman Patrick** called for a roll call vote on the motion to send **RS 27558** to print. **Senators Martin, Lakey, Guthrie, Thayn, Souza, Ward-Engelking, Burgoyne, Vice Chairman Agenbroad, and Chairman Patrick** voted aye. The motion carried unanimously.

S 1262

Relating to Employment Security Law. **Jani Revier**, Director, Idaho Department of Labor (IDOL), outlined the proposed amendments to Idaho Code §§ 72-1351(2), 72-1336, and 72-1352A. She noted the changes relieve charges to an employer's unemployment account when an employee leaves employment based on a personal choice and still qualifies for benefits. **Ms. Revier** explained when an individual receives unemployment insurance, that impacts the experience rating of their previous employers. More unemployment insurance claims result in a higher experience rating and a higher tax rate. Conversely, fewer claims mean a lower rating and lower tax rate. The IDOL believes this is a business-friendly approach that does not punish an employer for circumstances outside of their control. The fiscal impact to this change is negligible since it simply codifies current practices. This legislation also removes a reference to an official IDOL seal.

Ms. Revier noted outdated language is removed, giving corporate officers greater flexibility when deciding whether to exempt themselves from unemployment insurance coverage or to remain covered. **Ms. Revier** explained the current law requires a decision by December 15 of the year prior to the election. The proposed change will require a decision by March 31 of the first year of the election. This change will allow businesses to make the decision after receiving notification on their current tax rates, which gives corporate officers additional time to make sound business decisions for their firm.

There is no fiscal impact resulting from this change as it only grants the corporate officer more time to decide whether to "opt in or opt out" of coverage. **Ms. Revier** noted there is no impact to the General Fund due to these proposed changes.

MOTION:

Senator Guthrie moved to send **S 1262** to the floor with a **do pass** recommendation. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.

S 1275

Relating to Health Benefit Options. **Senator Buckner-Webb** reported this legislation will require health benefit plans to provide reimbursement for a six-month supply of contraceptives. Currently, many insurance plans reimburse for a one- to three-month supply of contraception. **Senator Buckner-Webb** noted this legislation will require any health benefit plan issued or renewed on or after January 1, 2020 that covers contraceptives approved by the federal Food and Drug Administration (FDA), to provide reimbursement for a six-month refill of contraception obtained at one time by the enrollee. The enrollee or the prescribing provider may request a smaller contraceptive supply.

Senator Buckner-Webb stated there is no foreseen fiscal impact to the State because it will only result in policy changes for insurance companies. She remarked the passage of this legislation will improve women's health care and reduce costs. This proposed legislation makes birth control accessible, which is of special concern for women in rural communities.

DISCUSSION:

Senator Guthrie, **Senator Souza**, and **Senator Buckner-Webb** discussed copays based on a one-month supply of birth control pills as opposed to a six-month supply from a health benefit plan.

TESTIMONY: The following testified in support of the bill, noting the benefits of receiving a six-month supply of birth control pills rather than one month, avoiding unplanned pregnancies, painful periods, and access for those who live in rural areas: **Laurie Burelle**, Southwest Idaho Chapter of the National Organization of Women (NOW); **Sylvia Chariton**, American Association of University Women (AAUW); **Tess Wallace**, representing herself; **Paige McMahon**, representing herself; **Erin Archambeault**, Ada Community Library, representing herself; **Dr. Stephanie Long**, Planned Parenthood; **Misti Tolman**, Idaho State Director, Planned Parenthood; **Justice Chochran**, Planned Parenthood; and **Reverend Karen Hernandez**, United Methodist Church.

The following testified in opposition to the bill, expressing the bill was ambiguous and violated the right to life beliefs: **Pro-Life**, representing himself; **Lindsay Zea**, representing herself; **Blaine Konzatti**, Family Policy Alliance of Idaho; and **Christian Welp**, Catholic Church of Idaho.

DISCUSSION: **Senator Souza** and **Senator Buckner-Webb** discussed the wording in the bill. **Senator Souza** expressed a concern about abortifacients being included in the definition of supplies and spoke in opposition to that wording. **Dr. Stephanie Long**, Planned Parenthood, remarked the definition of supplies does not include abortifacients. **Senator Souza** and **Dr. Long** discussed Plan B in the bill, which will not affect a pregnancy that has already begun and does not cause an abortion. They also discussed intrauterine devices (IUD's) as another form of birth control.

Senator Burgoyne remarked this bill is about providing a six-month supply of birth control pills and supplies. **Senator Martin** asked for clarification from the doctor if this bill included Ella and Plan B. **Senator Buckner-Webb** remarked the bill includes contraceptive supplies and drugs only. Birth control pills are good for a woman, helping with family planning and many other issues.

MOTION: **Senator Ward-Engelking** moved to send **S 1275** to the floor with a **do pass** recommendation. **Senator Burgoyne** seconded the motion.

DISCUSSION: **Senator Lakey** stated he was in opposition to this bill as private carriers are now allowing six-month refills and this is a decision for the private sector. He remarked it was not his role as a legislator to impose this type of legislation.

Senator Martin stated this bill is important for convenience and overall health of women. **Senator Souza** stated she was not in support of this bill due to the wording, which was different than what she had previously discussed with Senator Buckner-Webb. **Senator Burgoyne** stated he was in support of this bill, which is about insurance benefits. **Senator Ward-Engelking** remarked it is critical that young women have health care when they leave the area to go to school or for other reasons. **Senator Guthrie** said he was in support of the bill since the bill was about preventing and not terminating a pregnancy.

ROLL CALL VOTE: **Chairman Patrick** called for a roll call vote on the motion to send **S 1275** to the floor with a **do pass** recommendation. **Senators Martin, Guthrie, Ward-Engelking, Burgoyne**, and **Chairman Patrick** voted aye. **Senators Lakey, Thayne, and Souza** voted nay. The motion carried.

The remaining agenda items will be addressed at the next Committee meeting.

ADJOURNED: There being no further business at this time, **Chairman Patrick** adjourned the meeting at 3:03 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary

AGENDA
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE
1:30 P.M.
Room WW54
Tuesday, February 11, 2020

SUBJECT	DESCRIPTION	PRESENTER
<u>H 313</u>	Relating to Acupuncture	Kelley Packer, Bureau Chief, Idaho Bureau of Occupational Licenses
<u>H 318</u>	Relating to Occupational Licensing - Amends Existing Law to Rename the Idaho Bureau of Occupational Licenses as the Division of Occupational and Professional Licenses	Kelley Packer
GUBERNATORIAL APPOINTMENT & VOTE:	Committee Consideration of the Gubernatorial Appointment of Paul Zurlo, Idaho Health Insurance Exchange Board - Your Health Idaho	Paul Zurlo
MINUTES APPROVAL:	Minutes of February 4, 2020	Senator Burgoyne
PRESENTATION:	PERSI - Relating to the Bankruptcy of a Public Entity	Mike Hampton, Deputy Director, PERSI

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Patrick	Sen Thayn
Vice Chairman Agenbroad	Sen Souza
Sen Martin	Sen Ward-Engelking
Sen Lakey	Sen Burgoyne
Sen Guthrie	

COMMITTEE SECRETARY

Linda Kambeitz
Room: WW46
Phone: 332-1333
Email: scom@senate.idaho.gov

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Tuesday, February 11, 2020

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Agenbroad, Senators Martin, Lakey, Guthrie, Thayn, Souza, Ward-Engelking, and Burgoyne

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Patrick** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:30 p.m.

MINUTES APPROVAL: **Chairman Patrick** asked for approval of the minutes as the first item. **Senator Burgoyne** moved to approve the Minutes of February 4, 2020. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

H 313 **Relating to Acupuncture.** **Kelley Packer**, Bureau Chief, Idaho Bureau of Occupational Licensing (IBOL), reported this legislation implements a recommendation from the Idaho Board of Acupuncture (IBOA) to update the waiver provision to the modern term "endorsement." As part of the endorsement update, the IBOA needed to include "discipline in another state" or "on a license in a related field" as grounds for non-issuance or discipline of a license in order to assist the IBOA in its charge to protect public health, safety, and welfare. **Ms. Packer** stated this bill will remove the term "crime involving moral turpitude" from the section related to issuance or revocation of a license and replace it with "a crime that reflects on the qualifications, functions, or duties of an acupuncturist."

Ms. Packer noted there is no impact to the General Fund because the IBOA operates solely on dedicated funds. There is no impact to the IBOL's dedicated fund since the proposed legislation will not alter the number of board meetings held each year, or require more services be provided to the IBOA, or change any fee schedules.

DISCUSSION: **Senator Burgoyne** stated he had a conflict of interest pursuant to Senate Rule 39(H), but intended to vote. He noted both he and Senator Lakey served on the Occupational License Interim Committee.

MOTION: **Senator Burgoyne** moved to send **H 313** to the floor with a **do pass** recommendation. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

H 318

Relating to Occupational Licensing. Kelley Packer, Bureau Chief, Idaho Bureau of Occupational Licensing (IBOL), indicated this bill is a result of modernizing the statute through clarifying the administrative, legal, investigative, and financial services the agency provides. The amendments include changing the name of the agency from the IBOL to the Idaho Division of Occupational and Professional Licenses (IDOPL), providing a standard honorarium for each board or commission member, requiring applications to be verified under oath, providing for a fee for copying records, and implementing application processes which provide for the clear administration of all licenses. **Ms. Packer** noted additional changes included removing outdated language, such as the ability to establish admission requirements to a school, college, or university, and revamping the requirements for the issuance of a duplicate license.

Ms. Packer stated there is no impact to the General Fund, because the IBOL operates solely on dedicated funds. The projected one-time fiscal impact to the IBOL's dedicated fund is approximately \$30,000. Of that amount, \$7,400 is an ongoing impact for streamlining honorariums across all boards. The other \$22,600 is a one-time Governor's budget recommendation related to the agency's move to the Chinden campus. All agency contact information will be updated as part of the move.

DISCUSSION:

Senator Thayne and **Ms. Packer** discussed why each board member holds office until a successor has been appointed and qualified to ensure a quorum.

Senator Burgoyne and **Ms. Packer** discussed the fiscal note increase.

In response to a question by Senator Souza, **Ms. Packer** noted there had not been any complaints about a member remaining on the IBOL Board until a replacement could be found.

Senator Guthrie questioned the \$22,600 expense of the move to the Chinden campus for business cards, phone number changes, and other items. **Ms. Packer** explained the allocation was for a new seal, stationery, and business cards, and \$7,400 for honorariums.

MOTION:

Senator Souza moved to send **H 318** to the floor with a **do pass** recommendation. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

GUBERNATORIAL APPOINTMENT:

Committee Consideration of the Gubernatorial Appointment of Paul Zurlo, Idaho Health Insurance Exchange Board, of Boise, Idaho, term commencing April 10, 2019 and expiring April 10, 2021. **Mr. Zurlo** gave a brief overview of his background. He outlined his duties at Blue Cross as Vice President of Marketing.

DISCUSSION:

Senator Burgoyne and **Mr. Zurlo** discussed Mr. Zurlo's role in the consortium of health plans.

MOTION:

Vice Chairman Agenbroad moved to send the Gubernatorial appointment of Paul Zurlo to the Idaho Health Insurance Exchange Board to the floor with the recommendation that he be confirmed by the Senate. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

PRESENTATION:

Public Employee Retirement System of Idaho (PERSI) - Relating to the Bankruptcy of a Public Entity. Mike Hampton, Deputy Director, PERSI, discussed definitions, withdrawal liability, and re-entry into PERSI for employers or political subdivisions (Attachment 1).

DISCUSSION:

Chairman Patrick and **Don Drum**, Executive Director, PERSI, discussed PERSI payment priorities, possible increases in contribution rates due to inflation and the effect on PERSI investments, retroactive cost-of-living adjustments (COLAs), and the resetting of expectations for retirees.

Senator Ward-Engelking commented she was a PERSI retiree and pointed out PERSI is a good fund, and asked Mr. Drum to comment on future expectations.

Mr. Drum reported the goal of the PERSI Board is to maintain and fund a COLA. However, COLAs could result in higher contribution rates because more employees are retiring. Currently, the contribution rates are close to a glass ceiling and provide a challenge moving forward.

Senator Burgoyne remarked there is no question that PERSI is a tremendous asset and multiplier in the Idaho economy. The inflation rate of 2 percent should not be a problem in giving a COLA. He expressed a concern about the contribution rate approaching the glass ceiling. **Senator Burgoyne** mentioned the Legislature should examine why a municipality would find it necessary to file for bankruptcy.

Vice Chairman Agenbroad remarked PERSI has made some good investments. There is a balance that has to be maintained with retirees.

Senator Ward-Engelking and **Mr. Drum** discussed PERSI funding and the effects of a possible downturn in the economy. **Mr. Drum** emphasized there are a significant number of small employers in the PERSI fund. If the market has a downturn, small rural employers will be especially affected.

ADJOURNED:

There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:35 p.m.

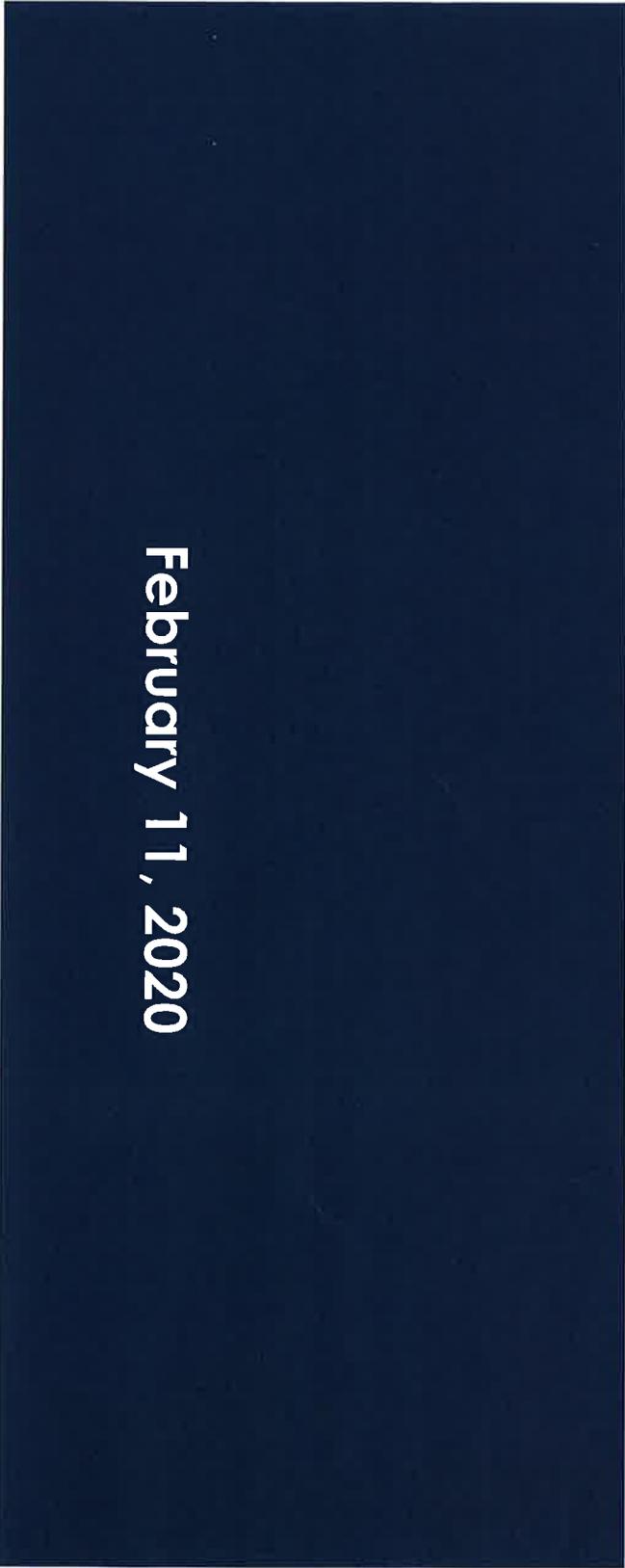
Senator Patrick
Chair

Linda Kambeitz
Secretary



PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO
WITHDRAWAL OF POLITICAL SUBDIVISIONS

February 11, 2020



Attachment 1

2/11/2020

Mike Sampson

INTRODUCTION

I will be discussing the following topics:

- ✓ Complete withdrawal defined
- ✓ Partial withdrawal defined
- ✓ Withdrawal liability
- ✓ Collection of withdrawal liability
- ✓ Re-entry into system after withdrawal
- ✓ Looking forward



IDAHO STATUTE 59-1326

Title: Procedure for complete or partial withdrawal of political subdivisions from the system — calculation of withdrawal liability — indemnification

Complete withdrawal requirements:

- Resolution by governing body, by two-thirds votes, declare intent to withdraw.
- Secret ballot vote by all active members to approve withdrawal with more than fifty percent approving withdrawal.
- Governing body of employer certifies to the Retirement Board the results of the voting by active members; OR
- Complete withdrawal occurs the first day of the month following the date the employer ceases to employ active members.

IDAHO STATUTE 59-1326

Title: Procedure for complete or partial withdrawal of political subdivisions from the system — calculation of withdrawal liability — indemnification

Partial withdrawal requirements:

- Employer's average membership declines from one fiscal year to the next by more than twenty-five members AND twenty-five percent.
- The withdrawal liability for a partial withdrawal is treated the same as if a complete withdrawal had occurred (Idaho Code 59-1326(8)), utilizing the ratio of average membership of current year compared to prior year.

IDAHO STATUTE 59-1326

Title: Procedure for complete or partial withdrawal of political subdivisions from the system — calculation of withdrawal liability — indemnification

Withdrawal liability:

- The calculation of the withdrawal liability is set in Idaho Code 59-1326(7).
- Independent external actuaries currently determine the requirement for a withdrawal liability after the completion of the annual valuation.
- The withdrawing employer shall enter into a contract for payment of its withdrawal liability.
- Contract term and interest rate are set in Idaho Code 59-1326(9).

PROPOSED IDAPA 59.01.01.549

Title: Collections of a withdrawal liability from and employer

Withdrawal liability:

- I.R.S. Revenue Procedure 2013-26 states an operational failure of a plan occurs when there is a failure to follow the terms of the plan document.
- Consequence of an operational failure is a technical disqualification of the plan because there is a statute violation.
- The plan can self-correct an operational failure when a disqualifying event is identified, i.e. a withdrawing employer fails to pay its unfunded liability.
- Proposed IDAPA 59.01.01.549 outlines the steps the plan will take to correct the non-payment of a withdrawal liability.
- Actuarially determined forfeiture of benefits is the last necessary step. This step protects the plan from operational failure and the other employers/members from uncompensated risk of funding a withdrawn employers liability.

LOOKING FORWARD

Title: Current Issue(s) and possible scenarios

Withdrawal liability:

- Historically, the plan has not had an issue with collection of withdrawal liabilities.
- Chapter 9 – Municipal Bankruptcy. The purpose of Chapter 9 is to provide a financially-distressed municipality protection from its creditors while it develops and negotiates a plan for adjusting its debts.
- Associations are not considered a municipality and would not qualify for protection under Chapter 9. PERSI has recently been contacted by an association that will be dissolving within the next 30 days.
- Charter schools are mandated to be part of the plan. Charter school authorizing entities are specifically indemnified from liability for acts, omissions, debts or other obligations (Idaho Statute 33-5204). The assets of a charter school that closes shall be distributed first to satisfy outstanding payroll obligations for employees, including any tax, public employee retirement system and other employee benefit obligations (Idaho Statute 33-5212).
- Small employers who contract out eligible positions may inadvertently withdraw, as they may have no further active members.





Questions & Answers

**THANK YOU FOR YOUR TIME
AND THE OPPORTUNITY PRESENT!**

AGENDA
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE
1:30 P.M.
Room WW54
Thursday, February 13, 2020

SUBJECT	DESCRIPTION	PRESENTER
HONORING OF PAGE & INTRODUCTION OF NEW PAGE:	Beth Bates	Chairman Patrick
<u>S 1264</u>	Relating to Self-Service Storage Facilities	Tim Olson, Self Storage Association
<u>S 1261</u>	Relating to Professional Engineers and Professional Land Surveyors - License Status	Tom Judge, Deputy Director, Idaho Professional Engineers and Professional Land Surveyors
<u>S 1287</u>	Relating to Barber and Cosmetology Services Licensing	Senator Patrick Representative Clow
<u>H 339</u>	Relating to Occupations - Dry Needling by Physical Therapists	Emily Hunter, Idaho Physical Therapy Association
MINUTES APPROVAL:	Minutes of February 6, 2020	Senator Guthrie

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Patrick
Vice Chairman Agenbroad
Sen Martin
Sen Lakey
Sen Guthrie

Sen Thayn
Sen Souza
Sen Ward-Engelking
Sen Burgoyne

COMMITTEE SECRETARY

Linda Kambeitz
Room: WW46
Phone: 332-1333
Email: scom@senate.idaho.gov

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Thursday, February 13, 2020

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Agenbroad, Senators Martin, Lakey, Guthrie, Thayn, Souza, and Burgoyne

**ABSENT/
EXCUSED:** Senator Ward-Engelking

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Patrick** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:31 p.m.

HONORING OF PAGE & INTRODUCTION OF NEW PAGE: **Chairman Patrick** honored Page Beth Bates. He asked her to tell the Committee what she learned. **Ms. Bates** stated she learned about the legislative process. She said she never imagined how much cooperation was necessary during the lawmaking process. **Ms. Bates** remarked she was honored to have been working at the Senate for the past six weeks. She noted she has applied for three emergency medical technician jobs and for three pharmacy tech jobs.

The new page was in training and unable to attend the meeting.

Chairman Patrick stated he wanted to move the hearing for **S 1287** to the beginning of the agenda, due to a prior commitment for Representative Clow.

S 1287

Relating to Barber and Cosmetology Services Licensing (BCSL). **Representative Clow** outlined the provisions and changes in this bill. He noted the changes address the renewal and reinstatement of licenses and registration. This amendment provides the BCSL Board the authority to approve the reinstatement retroactive to the date of expiration. The school has 90 days to pay the renewal fee.

Representative Clow summarized an incident that happened with a cosmetology school owner when there was a lapse in the payment of licensing fees. The school lost their accreditation and went out of business.

DISCUSSION: **Senator Burgoyne** remarked he was in support of the legislation.

MOTION: **Senator Souza** moved to send **S 1287** to the floor with a **do pass** recommendation. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

S 1264

Relating to Self-Storage Facilities. **Tim Olson**, Self Storage Association, outlined the bill and gave a brief overview of the statute. He noted the current 1990 statute and requirements would be updated. Operators would be able to continue current business practices.

TESTIMONY: **Carlos Kaslow**, representing himself, testified in support of the bill. He noted this legislation would make communication more effective and efficient. **Mr. Kaslow** outlined the changes for liens, rental agreements, and towing requirements.

DISCUSSION: **Senator Lakey** and **Mr. Kaslow** discussed rare examples of subleases and the definition of warehouse operators as opposed to that of a landlord leasing to a tenant.

Senator Martin discussed with **Mr. Kaslow** the process involved for the owner of a facility before proceeding with action. **Mr. Kaslow** remarked there is a minimum of a 60-day process.

TESTIMONY: **Celeste Lete**, representing herself, testified in support of the bill. She noted current laws are outdated. Changes would more clearly establish and communicate terms and conditions of rental agreements.

Ron Osborne, representing himself, testified in support of the bill. He indicated the proposed amendments would be the first changes in over 30 years, when the current technology was not available to better communicate with customers. He indicated the proposed amendments would clarify terms in rental agreements.

MOTION: **Senator Guthrie** moved to send **S 1264** to the floor with a **do pass** recommendation. **Senator Martin** seconded the motion. The motion carried by **voice vote**.

S 1261 **Relating to Professional Engineers and Professional Land Surveyors - License Status.** **Tom Judge**, Deputy Director, Idaho Professional Engineers and Professional Land Surveyors, outlined the housekeeping items and substantive changes in the bill. He remarked the outdated process to reinstate a license was removed. Some of the substantive changes included providing additional options for monuments set by surveyors, the reduction of requirements for some Public Land Survey System monuments, and the addition of two more requirements. There had been no complaints.

MOTION: **Senator Guthrie** moved to send **S 1261** to the floor with a **do pass** recommendation. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.

H 339 **Relating to Occupations - Dry Needling by Physical Therapists.** **Emily Hunter**, Idaho Physical Therapy Association, reported the purpose of this legislation is to make a correction to the Physical Therapy Practice Act by allowing the Idaho Physical Therapy Licensure Board (IPTLB) to approve the required courses for a physical therapist to practice dry needling.

DISCUSSION: **Senator Lakey** and **Ms. Hunter** discussed the impact on the IPTLB's ability to recognize or promote licensing between states.

In response to a question from Senator Souza, **Ms. Hunter** remarked there had been no complaints.

MOTION: **Senator Souza** moved to send **H 339** to the floor with a **do pass** recommendation. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: **Senator Guthrie** moved to approve the Minutes of February 4, 2020. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:12 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary

AMENDED AGENDA #1
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE
1:30 P.M.
Room WW54
Tuesday, February 18, 2020

SUBJECT	DESCRIPTION	PRESENTER
MINUTES APPROVAL:	Minutes of February 11, 2020	Senator Lakey
PAGE INTRODUCTION:	Kilee Bement	Chairman Patrick
<u>S 1301</u>	Relating to the Idaho Credit Union Act	Ryan Fitzgerald, NW Credit Union Association
<u>H 386</u>	Relating to Pharmacy Benefit Managers	Senator Harris Representative VandeWoude
GUBERNATORIAL APPOINTMENT & VOTE:	Committee Consideration of the Gubernatorial Appointment of Patti Perkins, Director, Idaho Department of Finance	Patti Perkins

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Patrick	Sen Thayn
Vice Chairman Agenbroad	Sen Souza
Sen Martin	Sen Ward-Engelking
Sen Lakey	Sen Burgoyne
Sen Guthrie	

COMMITTEE SECRETARY

Linda Kambeitz
Room: WW46
Phone: 332-1333
Email: scom@senate.idaho.gov

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Tuesday, February 18, 2020

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Agenbroad, Senators Martin, Lakey, Guthrie, Thayn, Souza, Ward-Engelking, and Burgoyne

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Patrick** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:30 p.m.

MINUTES APPROVAL: **Senator Lakey** moved to approve the Minutes of February 11, 2020. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

INTRODUCTION: **Chairman Patrick** introduced Page Kilee Bement and asked her to tell the Committee what high school she attended and to provide some background. **Ms. Bement** remarked she attended Victory Charter School. She attended Girls' State and she wants to become a speech-language pathologist.

S 1301 **Relating to the Idaho Credit Union Act. Ryan Fitzgerald**, Northwest Credit Union Association (NWCUA), indicated the purpose of this bill is to update and modernize the investment, lending, and fixed asset provisions of the Idaho Credit Union Act (ICUA). The legislation provides flexibility and modern provisions to allow Idaho state-chartered credit unions to better serve their members.

Mr. Fitzgerald outlined the updates to the ICUA. He indicated there would be no fiscal impact to the General Fund. The provisions of this legislation specifically relate to the investments and lending practices of state-chartered credit unions and will require no additional resources of the Idaho Department of Finance (IDOF), nor will it increase or decrease the IDOF's revenues or expenditures.

DISCUSSION: **Senator Souza** and **Mr. Fitzgerald** discussed the meaning of the word "flexibility" as it applied to the average citizen in Idaho. They also discussed maturity dates, financial literacy, and the relaxation of some of the regulations.

Vice Chairman Agenbroad and **Mr. Fitzgerald** discussed the future plans for the credit union.

TESTIMONY: **Brad Swartzentenrenber**, Northwest Christian Credit Union, testified in support of the bill. He stated the update should be satisfactory to a broad spectrum of credit unions.

John Watts, representing the Idaho Central Credit Union, testified in support of the bill. He gave a brief overview promoting financial literacy in secondary schools across the state.

MOTION: **Senator Burgoyne** moved to send **S 1301** to the floor with a **do pass** recommendation. **Senator Souza** seconded the motion. The motion carried by **voice vote**.

H 386 **Relating to Pharmacy Benefit Managers (PBMs).** **Senator Harris** gave a brief overview of PBMs and outlined the four key items addressed by this legislation, namely: 1.) transparency by requiring PBMs to register with the Idaho Department of Insurance (IDOI); 2.) to provide Idaho pharmacists more flexibility in informing patients how they can pay less for prescriptions by prohibiting "gag clauses;" 3.) to ensure transparency by PBMs on how the maximum allowable cost (MAC) for pharmacy reimbursements for prescriptions is determined and requiring that pharmacies are regularly updated on MAC price changes; 4.) and to prohibit PBMs from retroactively denying or reducing a claim for reimbursement, except for legitimate reasons.

Senator Harris stated there is no fiscal impact on the State budget. The IDOI already has the structure in place for registrations and reports. Any additional costs of overseeing extra registrations and reports will be covered by the same minimal registration fee that third-party administrators and others are charged.

TESTIMONY: **Larry Johnson**, representing CVS Health, testified in opposition to the bill. He stated he would recommend several amendments mirroring language from other states. He stated he wanted to shorten the appeal time from 30 days to 14 days and allow an additional 14 days for the PBM to respond. He mentioned performance-based contracts indicating if a pharmacy met certain benchmarks they would be paid, but if they fall short, they lose out. He said the language in this bill would remove this type of contract.

DISCUSSION: **Senator Souza** and **Mr. Johnson** talked about the effects on pharmacies for performance contracts, expectations, benchmarks, and clawbacks.

Senator Lakey and **Mr. Johnson** considered the CVS suggestion of shortening the time period for appeals due to the use of technology rather than U.S. mail. They discussed the registration process with the IDOI and the \$86 registration fee.

Senator Burgoyne and **Mr. Johnson** exchanged views on whether the PBMs were transparent to consumers.

TESTIMONY: **Tyler Higgins**, past president of the Idaho State Pharmacy Association and independent pharmacy owner, testified in support of the bill. He stated the main goal of PBMs was to cut claim reimbursement to pharmacies to force them out of business. **Mr. Higgins** cited a recent incident where his pharmacy was being reimbursed by a Medicare PBM for \$110 less each month than it costs to buy the medications. He noted that would lead to a \$1,300 loss per year, which did not include the cost of labor and packaging. He remarked the patient would have to be sent to another pharmacy. In the meantime, the patient may not likely take the medications properly and incur avoidable health care costs by being hospitalized.

Mr. Higgins said the PBMs control how much money he is paid and how much can be clawed back. There are no PBM regulations in Idaho. He cited several more examples of issues he has faced and how he has been reimbursed at a loss by PBMs. Due to this type of issue, many pharmacies, as well as rural pharmacies, have gone out of business or there have been large layoffs. Countless studies have shown how pharmacists have kept

health care costs down. Without pharmacists and community pharmacies, near and long-term health care costs will continue to skyrocket.

DISCUSSION:

Senator Souza remarked that due to high prescription costs, the PBMs are getting rich. **Senator Souza** and **Mr. Higgins** discussed whether companies and manufacturers would be better off without PBMs. **Mr. Higgins** remarked patients and pharmacies suffer because insurance premiums are increasing and PBMs are getting rich.

Senator Souza asked if CVS had a conflict of interest since they own pharmacies, PBMs, and insurance companies. **Mr. Higgins** said he thought there was a conflict. He noted independent pharmacies offer a good service and take care of customers, but cannot compete with a contract when one-third of business is lost.

Senator Burgoyne remarked he was concerned about PBMs and indicated there should be transparency for consumers.

Senator Lakey and **Mr. Higgins** discussed PBM contracts, penalties imposed on pharmacies if they do not meet performance standards, and clawbacks.

TESTIMONY:

Rob Geddes, Director for Pharmacy Legislative and Regulatory Affairs, Albertsons Companies, and a licensed pharmacist, testified in support of the bill. He pointed out the CVS suggestion of reducing the appeal window was impractical as there would not be enough time allowed for an appeal. He cited an example where claims were denied on the basis of time constraints. **Mr. Geddes** remarked additional time is needed to re-evaluate the appeal process. He addressed clawbacks, which have affected 25 percent of their business. Sometimes the clawbacks happen from months to years after the fact. The quality of measures vary from one PBM to the next. He noted current contracts are non-transparent.

Mr. Geddes cited a letter to the editor from the New York Times that indicated PBMs make piles of money with no proof they are serving patients. He remarked while PBMs claim to keep drug costs low, many PBM practices are anti-competitive and ultimately drive up health care costs for consumers and plan sponsors, while reducing reimbursement to pharmacies. The reduction of payment to pharmacies, where reimbursement falls below the acquisition cost of the drug in many cases, puts the future of retail pharmacies at risk. Giving the IDOI oversight over PBMs would be a good first step in addressing Price transparency issues that plague all pharmacies in the State of Idaho.

MOTION:

Senator Souza moved to send **H 386** to the floor with a **do pass** recommendation. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

GUBERNATORIAL APPOINTMENT:

Committee Consideration of the Gubernatorial Appointment of Patti Perkins, Director, Idaho Department of Finance (IDOF), of Boise, Idaho, for a term commencing January 6, 2020 and serving at the pleasure of the Governor. **Ms. Perkins** gave a brief overview of her background. She outlined her duties at the IDOF as Director.

DISCUSSION:

Vice Chairman Agenbroad and **Ms. Perkins** discussed the most significant challenge in the IDOF. They discussed staffing and the effect retirements will have on those positions.

Senator Burgoyne and **Ms. Perkins** discussed a possible conflict of interest with her business and that a senior level colleague has taken on the clientele.

Chairman Patrick remarked that due to time constraints, the Committee would vote on the gubernatorial appointment at the next meeting.

ADJOURNED:

There being no further business at this time, **Chairman Patrick** adjourned the meeting at 3:01 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary

AGENDA
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE
1:30 P.M.
Room WW54
Thursday, February 20, 2020

SUBJECT	DESCRIPTION	PRESENTER
MINUTES APPROVAL:	Minutes of February 13, 2020	Senator Thayn
GUBERNATORIAL VOTE:	Committee Vote of the Gubernatorial Appointment of Patti Perkins, Director, Idaho Department of Finance	Chairman Patrick
GUBERNATORIAL APPOINTMENT & VOTE:	Committee Consideration of the Gubernatorial Appointment of Darin DeAngeli, PERSI Board	Darin DeAngeli
GUBERNATORIAL APPOINTMENT & VOTE:	Committee Consideration of the Gubernatorial Appointment of Joy Fisher, PERSI Board	Joy Fisher
<u>S 1299</u>	Relating to Manufactured Housing	Ron Whitney, Deputy Administrator, Idaho Division of Building Safety
<u>H 477</u>	Relating to Real Estate Licensure	MiChell Bird, Executive Director, Idaho Real Estate Commission
<u>H 478</u>	Relating to Real Estate License Law	MiChell Bird, Executive Director, Idaho Real Estate Commission

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Patrick	Sen Thayn
Vice Chairman Agenbroad	Sen Souza
Sen Martin	Sen Ward-Engelking
Sen Lakey	Sen Burgoyne
Sen Guthrie	

COMMITTEE SECRETARY

Linda Kambeitz
Room: WW46
Phone: 332-1333
Email: scom@senate.idaho.gov

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Thursday, February 20, 2020

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Agenbroad, Senators Martin, Lakey, Guthrie, Thayn, Souza, Ward-Engelking, and Burgoyne

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Patrick** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:32 p.m.

Chairman Patrick remarked the Minutes of February 13, 2020 would be heard later in the meeting.

GUBERNATORIAL APPOINTMENT VOTE: **Senator Burgoyne** moved to send the Gubernatorial appointment of **Patti Perkins**, as Director of the Idaho Department of Finance, to the floor with the recommendation that she be confirmed by the Senate. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.

GUBERNATORIAL APPOINTMENT: **Committee Consideration of the Gubernatorial Appointment of Darin A. DeAngeli, Public Employee Retirement System of Idaho (PERSI)**, of Boise, Idaho, term commencing May 8, 2019 and expiring July 1, 2021. **Mr. DeAngeli** gave a brief overview of his background. He noted he discovered why PERSI is consistently rated as one of the best retirement systems in the country. He commented incumbent trustees are people who are at the top of their respective professions and each one possesses some piece of critical subject matter expertise which helps guide decision-making at the PERSI Board level. He said he has been impressed by the depth of knowledge and willingness of the PERSI staff to explain things. **Mr. DeAngeli** remarked this position has been interesting, difficult, fun, and important work.

DISCUSSION: In response to a question posed by Senator Souza, **Mr. DeAngeli** indicated he was inspired to apply for a position on the PERSI Board as he likes to do something he already knows about. Because he is a trust lawyer, PERSI is similar, however, he realized he had a lot to learn, but felt he could add value to the PERSI Board.

MOTION: **Senator Burgoyne** moved to send the Gubernatorial appointment of **Darin A. DeAngeli** to the Public Employee Retirement System of Idaho to the floor with the recommendation that he be confirmed by the Senate. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: **Senator Thayn** moved to approve the Minutes of February 13, 2020. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

**GUBERNATORIAL
REAPPOINTMENT:**

Committee Consideration of the Gubernatorial Reappointment of Joy Fisher, Public Employee Retirement System of Idaho (PERSI), of Moscow, Idaho, term commencing July 1, 2019 and expiring July 1, 2024. **Ms. Fisher** gave a brief overview of her background. She mentioned she serves as the Executive Director of the University of Idaho Foundation. **Ms. Fisher** noted it has been very rewarding to share experiences and continue to learn from the PERSI staff, investment managers, and fellow trustees. As one of the representatives for public employees, she explained how important the PERSI system is, not only for recruiting and retaining the best employees, but also for ensuring that teachers, police, fire fighters, and other public servants will have a safe and secure retirement.

DISCUSSION:

In response to a question from Vice Chairman Agenbroad, **Ms. Fisher** remarked when she discussed this position with former Governor Otter, she thought being on the PERSI Board would be an interesting job. She has had fun working with the PERSI Board and wants to continue.

MOTION:

Senator Thayne moved to send the Gubernatorial reappointment of **Joy Fisher** to the Public Employee Retirement System of Idaho to the floor with the recommendation that she be confirmed by the Senate. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

S 1299

Relating to Manufactured Housing. **Patrick Grace**, Regional Manager, Idaho Division of Building Safety (IDBS), testified in place of Ron Whitney, Deputy Administrator, and gave a brief overview of this legislation. He noted this bill seeks to eliminate certain license types and remove barriers to licensing. This legislation eliminates the resale broker license and requires a person who sells only used homes to obtain the retailer license. The prices of both licenses are the same and licensing requirements for both are similar.

Mr. Grace explained the difference between manufactured homes and mobile homes and how they are regulated. He noted this legislation eliminates the salesman and responsible managing employee (RME) licenses. The salesman and RME licenses were intended to require the employees of retailers, resale brokers, and installers to meet the same standards as their employers. **Mr. Grace** remarked the Factory Built Structures Advisory Board and the IDBS intend to meet that objective by holding retailers and installers responsible for the conduct of their employees. **Mr. Grace** indicated this legislation allows those who may currently utilize a resale broker license to continue to sell third-party (used) owned homes by expanding the types of homes a retailer may sell.

Mr. Grace stated this legislation eliminates the background check. He noted the IDBS has not found the background check to be effective since the background check is required only upon initial (not renewal) application. It does not protect against future criminal violations of licensees.

Mr. Grace reported this legislation will not have a fiscal impact on any general or federal funds. This legislation will have a negative fiscal impact of approximately \$3,500 over the course of a fiscal year on the factory-built structures dedicated fund, due to the elimination of revenue generated by fees for the eliminated licenses.

DISCUSSION: **Vice Chairman Agenbroad** and **Mr. Grace** discussed the absorption of old licenses into the new license.

Mr. Grace clarified the elimination of retail licensure and the requirements for a retailer license for Senator Lakey.

Senator Burgoyne and **Mr. Grace** discussed the elimination of the background check requirement.

TESTIMONY: **Jack Lyman**, Idaho Manufactured Housing Association, testified in support of the bill. He outlined the Housing and Urban Development (HUD) requirements for states in order to qualify as a State Administrative Agency. The state must adopt manufactured home installation standards, license installers in the State, and require continuing education of those licensed installers. He noted the State must also adopt a dispute resolution program to resolve disputes between manufacturers, retailers, and installers of manufactured homes.

MOTION: **Senator Lakey** moved to send **S 1299** to the floor with a **do pass** recommendation. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.

H 477 **Relating to Real Estate Licensure.** **Michelle Bird**, Executive Director, Idaho Real Estate Commission (IREC), gave a brief overview of this bill. She noted this legislation pertains to timely submission of documents by agents to the designated broker and clarifies existing requirements. **Ms. Bird** remarked the IREC was seeking clarification to the law by requiring sales associates to deliver all contracts, including representation agreements, compensation agreements, and transaction documents to the designated broker by the end of the next business day of receipt. This bridges the gap and gives the IREC the authority to appropriately enforce a violation for the agent who did not submit the documents, rather than the broker for not having them.

Ms. Bird stated it is the responsibility of the IREC to protect the public in regulated real estate transactions. This change would add protection to those real estate consumers by increasing broker supervision of licensees' activities, reducing liability for brokers due to the acts of licensees, and providing clarification to agents on when documents must be delivered.

DISCUSSION: **Senators Lakey, Martin, Burgoyne, Guthrie, and Chairman Patrick** discussed sanctions, the possibility of a broker handling discipline of an agent when the documents are not delivered in a timely way, the problems associated with an agent holding the paperwork for a transaction, harm to buyers and sellers caused by an agent not notifying the broker, presented but unaccepted offers, and instructions from the seller to hold all offers for several days until they can make a decision. **Ms. Bird** noted all transactions are now transmitted electronically.

MOTION: **Senator Martin** moved to send **H 477** to the floor with a **do pass** recommendation. **Senator Burgoyne** seconded the motion.

Senator Martin disclosed for the record that he had a possible conflict of interest pursuant to Senate Rule 39(H), but intended to vote.

DISCUSSION: **Senator Lakey** indicated he was not quite comfortable with the language in this bill. **Ms. Bird** remarked the bill closes the gap and places the responsibility on the agent.

VOICE VOTE: The motion to send **H 477** to the floor with a **do pass** recommendation carried by **voice vote** with **Senator Lakey** requesting that he be recorded as voting nay.

H 478 **Relating to Real Estate License Law.** **Michelle Bird**, Executive Director, Idaho Real Estate Commission, gave a brief overview of this bill. She outlined the areas of the bill that reduced barriers, unnecessary restrictions, and burdens to licensure. She noted that: 1.) language was clarified; 2.) course hour requirements were reduced to accredited courses; 3.) requirements were removed for the designated broker to clearly mark the date of any rejected offer, but to retain the documents; and 4.) the requirement was removed for brokerages to have a written agency policy. Lastly, a citation of rule would be removed and allowed to expire.

MOTION: **Senator Martin** moved to send **H 478** to the floor with a **do pass** recommendation. **Senator Souza** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:30 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary

AGENDA
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE
1:30 P.M.
Room WW54
Tuesday, February 25, 2020

SUBJECT	DESCRIPTION	PRESENTER
<u>RS27798</u>	Unanimous Consent Relating to Fire Districts	Senator Guthrie
<u>S 1351</u>	Relating to Occupational Licensing	Senator Lakey Representative DeMourdaunt
<u>S 1321</u>	Relating to Workers' Compensation	Alex LaBeau, Idaho Association of Commerce and Industry

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Patrick
Vice Chairman Agenbroad
Sen Martin
Sen Lakey
Sen Guthrie

Sen Thayn
Sen Souza
Sen Ward-Engelking
Sen Burgoyne

COMMITTEE SECRETARY

Linda Kambeitz
Room: WW46
Phone: 332-1333
Email: scom@senate.idaho.gov

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Tuesday, February 25, 2020

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Agenbroad, Senators Martin, Lakey, Guthrie, Thayn, Souza, Ward-Engelking, and Burgoyne

**ABSENT/
EXCUSED:** None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Patrick** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:30 p.m.

RS 27798 **Unanimous Consent Relating to Fire Districts.** **Senator Guthrie** reported the purpose of this legislation is to provide an additional option for a fire district to be split. Currently, Idaho Code provides for the creation and organization of fire districts. Consolidation, dissolution, inclusion, annexation, and withdrawal are allowed as changing conditions and growth patterns may dictate these changes.

Senator Guthrie noted there will be no impact to the General Fund. If a local fire district were to split, there could be a positive or negative fiscal impact, determined on a case-by-case basis, and it is impossible to quantify. **Chairman Patrick** asked Senator Guthrie to request unanimous consent from the Committee.

MOTION: **Senator Guthrie** asked for unanimous consent to send **RS 27798** to a privileged committee for printing. There were no objections.

S 1351 **Relating to Occupational Licensing.** **Senator Lakey** reported this legislation came from the work of the Occupational Licensing Reform Interim Committee (OLRIC). This legislation seeks to enhance competition and apply standards to evaluate new proposed regulation in the form of new licensure or registration of occupations. **Senator Lakey** indicated the legislation is a three-year pilot, which establishes a licensing review committee. He outlined the requirements for the new Licensing Review Committee (LRC) (Attachment 1). He noted this bill provides for a sunrise process. He said the vast majority of the bill was to make corrections.

Senator Lakey stated the fiscal impact would be minimal, but difficult to determine. The costs could include fees for a new license and the typical costs associated with the one or two meetings needed to review new licensing requests. He noted there would be additional staff time to review applications for new licensure and preparation for LRC meetings. This can be handled with current staffing levels. **Senator Lakey** asked the Committee to send this bill to the amending order to change some wording.

DISCUSSION: A discussion ensued with Senators Martin, Burgoyne, and Lakey regarding the timeline for review from the new Licensing Review Committee (LRC). **Senator Lakey** indicated the decision of the LRC was non-binding and the applicant is required to go through the process.

Senator Souza and **Senator Lakey** discussed the requirements for approval, including applications for employment for someone with a criminal background, and if the LRC's decision would be available to prospective employers. **Senator Lakey** commented that as far as a criminal conviction was concerned, that decision would be up to the particular board.

Senator Guthrie asked for clarification on whether legislation could be brought forward or would it have to be considered by the LRC. **Senator Lakey** explained the legislation would have to go through the evaluation process.

MOTION: **Senator Souza** moved to send **S 1351** to the 14th Order of Business for possible amendment. **Vice Chairman Agenbroad** seconded the motion.

TESTIMONY: **Lindsay Atkinson**, Idaho Freedom Foundation (Foundation), testified in support of the bill. She noted the Foundation liked the Licensing Reform Act, which included universal licensure.

Alli Megal, Idaho Freedom Foundation (Foundation), testified in support of the bill. She remarked she had a felony and wanted to be a nurse midwife, but due to her conviction, she was unable to obtain the license. This bill will help those convicted of felonies.

DISCUSSION: **Senator Martin** stated he would vote to send this bill to the amending order, but reserved the right to change the wording on page 3, line 40 so that a sunshine review was not required.

Senator Lakey remarked the ORLIC took a hard look at the language in this bill and decided it was important to make the LRC a requirement.

VOICE VOTE: The motion to send **S 1351** to the 14th Order of Business for possible amendment carried by **voice vote**.

S 1321 **Relating to Workers' Compensation.** **Alex LaBeau**, President, Idaho Association of Commerce and Industry, stated the purpose of this legislation is to add language to Idaho Code § 72-209 to clarify the intent of the Idaho Legislature with respect to the "exclusive remedy" in workers' compensation. **Mr. LaBeau** reported the Idaho Supreme Court has recently noted that there is a lack of clarity as to when a claim for compensation for a workplace accident may go outside of the workers' compensation process to file a regular tort claim. The Idaho Legislature did not define the term "willful or unprovoked physical aggression." **Mr. LaBeau** remarked that previously, it was understood that only those claims that could demonstrate an intention to commit harm to an employee were exempt from the exclusive remedy in the workers' compensation system.

Mr. LaBeau gave a brief overview of what needed to be amended in Section 1. He stated there is no fiscal impact to any state or local government budgets. He noted the language is only clarifying boundaries of when an individual may file a tort claim for a workplace incident.

DISCUSSION: **Senator Souza** questioned the use of the word "servants" in this bill. She remarked that would be worth researching.

Senator Guthrie asked for clarification of the phrase "unprovoked physical aggression." **Mr. LaBeau** explained it is the willful intention to do something harmful to someone, unprovoked or otherwise.

TESTIMONY: **Erik Rossman**, representing himself, testified in opposition to the bill. He cited various scenarios when people were killed and said this was not good legislation.

Bob Naerbout, Idaho Dairyman's Association, testified in support of the bill. He remarked employers are concerned for employees. He stated the safety program developed for dairies has become a national program. He commented agricultural employees are sent into risky situations with animals. This bill puts the potential injuries to workers under workers' compensation, unless there is an intention to harm employees.

Darel Hardenbrook, Business Agent, Teamsters Local Union 483, testified in opposition to the bill. He stated the Teamsters Union was not asked to participate in discussions. The intent to harm or kill is the only exception in this bill. He indicated there should be further updates and he asked the Committee to postpone moving the bill forward.

DISCUSSION: In response to questions from Senator Burgoyne, **Chairman Patrick** noted workers' compensation was discussed at the last Industrial Commission meeting.

TESTIMONY: **Stacey Satterlee**, Executive Director, Idaho Grain Producers, testified in support of the bill. She remarked businesses need consistency and this bill will create certainty for employers and employees.

Brad Eidam, Idaho Trial Lawyers, testified in opposition to the bill. He commented this bill would prevent redress by injured workers. He pointed out the 2016 Gomez case when a woman was killed at a seed company in Canyon County. The seed sorting table was not checked for safety and the woman was instructed by her supervisors to get inside while the machine was running to clean it. Proper safety guards were not in place and the company had been cited by the Occupational Safety and Health Administration (OSHA) for other offenses. He noted that in the Gomez case safety was consciously disregarded. **Mr. Eidam** noted this bill would affect other cases.

DISCUSSION: **Senator Burgoyne** and **Mr. Eidam** discussed the specific "intent to harm" language in the bill and the "willful or unprovoked physical aggression by the employer" and the consequences.

Senator Thayn and **Mr. Eidam** discussed that aggression can be held against any co-worker or employer if the employer provoked or authorized the aggression.

Senator Souza mentioned inspections of equipment and the facility, and if concerns were noted and followed up by the inspector. **Mr. Eidam** stated the egregious cases he cited are rare and a narrow exception to the Workers' Compensation Act. Sometimes workers are injured as a result of a safety violation, but the employer is unaware.

Vice Chairman Agenbroad stated the willful intent to hurt someone was more a disregard for someone's safety. **Mr. Eidam** noted that as the statute is written now the Idaho Supreme Court says that a conscious disregard for risk or serious injury fits the description of willful or unprovoked aggression. The statute says that an employer must know an injury or death may occur.

Senator Ward-Engelking queried if there was language that would address the issues in this bill that would be acceptable to stakeholders. **Mr. Eidam** noted there were several proposals, but the wording of "would occur" should be replaced with "substantially likely."

TESTIMONY: **Chyla Wilson**, Idaho Farm Bureau, testified in support of the bill. She commented clarity should be in the definition and work could be done to make some simple changes.

Mr. LaBeau stated that in summary, there is nothing in the existing law regarding conscious disregard of employees. There needs to be clarifying language in this bill and discussions will be ongoing.

DISCUSSION: **Senator Ward-Engelking** stated this bill was important. She suggested the bill be held at the call of the Chair. **Chairman Patrick** reassured her the bill was going to the amending order, which would allow time for compromise.

Senator Burgoyne expressed a concern about sending the bill to the amending order because the amendments might not reflect a compromise. He asked to hold the bill for two days, which would give everyone enough time for revisions.

Senator Lakey disclosed for the record that he had a possible conflict of interest pursuant to Senate Rule 39(H), but intended to vote. He stated he supported sending this bill to the amending order.

Letters of support were received from the following: 1.) Scott Madison, Executive Vice President, Intermountain Gas Company; 2.) Ken Dey, Director of Government and Public Affairs, J. R. Simplot Company; 3.) Mark D. Olsen, General Counsel, the Idaho National Laboratory; 4.) Wayne L. Hammon, Chief Executive Officer, Idaho Associated General Contractors of America; 5.) Stacey Satterlee, President, Food Producers of Idaho; 6.) Anna Torma, Vice President, Public Affairs, PotlatchDeltic Corporation; 7.) Michael S. Gadd, Senior Vice President and General Counsel, Clearwater Paper Corporation; and 8.) Rick Naerebout, Chief Executive Officer, Idaho Dairymen's Association.

MOTION: **Senator Souza** moved to send **S 1321** to the 14th Order of Business for possible amendment. **Senator Lakey** seconded the motion. The motion carried by **voice vote** with **Senators Burgoyne** and **Ward-Engelking** requesting they be recorded as voting nay.

Senators Souza and **Ward-Engelking** expressed hope for consensus in the amending order and prior to the bill being heard on the floor.

ADJOURNED: There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:58 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary

Occupational Licensing Review Act.

AN ACT

RELATING TO OCCUPATIONAL LICENSING REFORM; AMENDING CHAPTER 94, TITLE 67, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 67-9408, IDAHO CODE, TO PROVIDE FOR THE CREATION OF AN OCCUPATIONAL AND PROFESSIONAL LICENSURE REVIEW PILOT COMMITTEE; AMENDING CHAPTER 94, TITLE 67, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 67-9409, IDAHO CODE, TO PROVIDE FOR UNIVERSAL LICENSURE; AND AMENDING CHAPTER 94, TITLE 67, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 67-9410, IDAHO CODE, TO PROVIDE A PROCESS FOR CERTAIN PREQUALIFICATION REQUESTS.

Be It Enacted by the Legislature of the State of Idaho:

SUNRISE AND SUNSET REVIEW

SECTION 1. That Chapter 94, Title 67, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW SECTION, to be known and designated as Section 67-9408, Idaho Code, and to read as follows:

67-9408. OCCUPATIONAL AND PROFESSIONAL LICENSURE REVIEW PILOT COMMITTEE.

- (1) For occupational regulations and their boards, it is the policy of the state that:
 - (a) The right of an individual to pursue a lawful occupation is a fundamental right.
 - (b) Where the state finds it is necessary to displace competition, it will use the least restrictive regulation to protect consumers from present, significant, and substantiated harms that threaten the health or safety of the public.
- (2) In order to establish oversight of occupational and professional licensure and related issues in Idaho, there is hereby established an occupational and professional licensure review pilot committee.
- (3) The committee shall consist of eight (8) members, with four (4) members from the senate and four (4) members from the house of representatives. No more than three (3) members from the senate and no more than three (3) members from the house of representatives shall be from the same political party. Appointments to the committee shall be for the term of office of the member appointed. Any vacancy shall be filled in a manner consistent with the appointment procedure set forth in this subsection, except the appointment shall be for the remainder of the unexpired term. A committee member may be reappointed to the committee. Two cochair shall be appointed by the committee from the committee membership, with one (1) cochair from the senate and the other from the house of representatives. The committee shall receive staff assistance from the legislative

services office and an appropriation shall be made to the legislative services office for the purpose of covering additional staffing costs.

(4) Definitions.

(a) Scope. For the purposes of this chapter, the words defined in this section have the meaning given.

(b) "Government certification" means a voluntary, government-granted, and nontransferable recognition to an individual who meets personal qualifications related to a lawful occupation. Upon the government's initial and continuing approval, the individual may use "government certified" or "state certified" as a title. A non-certified individual also may perform the lawful occupation for compensation but may not use the title "government certified" or "state certified." In this chapter, the term "government certification" is not synonymous with "occupational license." It also is not intended to include credentials, such as those used for medical-board certification or held by a certified public accountant, that are prerequisites to working lawfully in an occupation.

(c) "Government registration" means a requirement to give notice to the government that may include the individual's name and address, the individual's agent for service of process, the location of the activity to be performed, and a description of the service the individual provides. "Government registration" does not include personal qualifications and is not transferable but it may require a bond or insurance. Upon the government's receipt of notice, the individual may use "government registered" as a title. A non-registered individual may not perform the occupation for compensation or use "government registered" as a title. In this chapter, "government registration" is not intended to be synonymous with "occupational license." It also is not intended to include credentials, such as those held by a registered nurse, which are prerequisites to working lawfully in an occupation.

(d) "Lawful occupation" means a course of conduct, pursuit or profession that includes the sale of goods or services that are not themselves illegal to sell irrespective of whether the individual selling them is subject to an occupational regulation.

(e) "Least restrictive regulation" means, from least to most restrictive,

- (i) market competition,
- (ii) third-party or consumer-created ratings and reviews,
- (iii) private certification,
- (iv) voluntary bonding or insurance,
- (v) specific private civil cause of action to remedy consumer harm,
- (vi) deceptive trade practice act,
- (vii) mandatory disclosure of attributes of the specific good or service,
- (viii) regulation of the process of providing the specific good or service,

- (ix) regulation of the facility where the specific good or service is sold,
- (x) inspection,
- (xi) bonding,
- (xii) insurance,
- (xiii) government registration,
- (xiv) government certification,
- (xv) specialty occupational certification solely for medical reimbursement, and
- (xvi) occupational license.

(f) "Occupational license" is a nontransferable authorization in law for an individual to perform exclusively a lawful occupation for compensation based on meeting personal qualifications established by the legislature. In an occupation for which a license is required, it is illegal for an individual who does not possess a valid occupational license to perform the occupation for compensation.

(g) "Occupational regulation" means a statute, rule, practice, policy, or other state law that allows an individual to use an occupational title or work in a lawful occupation. It includes government registration, government certification, and occupational license. It excludes a business license, facility license, building permit, or zoning and land use regulation except to the extent those state laws regulate an individual's personal qualifications to perform a lawful occupation.

(h) "Personal qualifications" are criteria related to an individual's personal background and characteristics. They may include one or more of the following: completion of an approved educational program, satisfactory performance on an examination, work experience, apprenticeship, other evidence of attainment of requisite knowledge and skills, passing a review of the individual's criminal record, and completion of continuing education.

(i) "Private certification" is a voluntary program in which a private organization grants nontransferable recognition to an individual who meets personal qualifications and standards relevant to performing the occupation as determined by the private organization. The individual may use a designated title of "certified" or other title conferred by the private organization.

(j) "Specialty occupational certification solely for medical reimbursement" means a non-transferable authorization in law for an individual to qualify for payment or reimbursement from a government agency for the non-exclusive provision of new or niche medical services based on meeting personal qualifications established by the legislature. A private health insurance company or other private company may recognize this credential. Notwithstanding this specialty certification, it is legal for a person regulated under another occupational regulation to provide similar services as defined in that statute for compensation and reimbursement. It is also legal for an individual who does not possess this specialty certification to provide the identified medical services for compensation, but the non-certified individual will not qualify for payment or reimbursement from a government agency.

(5) The committee shall have as a primary duty and responsibility the task of conducting a sunrise review upon request that a lawful profession that is not licensed by the state become licensed.

(a) If a government requestor or a representative of a lawful occupation that is not licensed by the state proposes that the state license or newly regulate a lawful occupation, the requestor or representative shall, prior to the introduction of any proposed legislation, submit an application for sunrise review to the legislative services office in a form approved by the committee. An application shall be submitted by June 1 for review and processing prior to the next regular legislative session.

(b) Along with any other information requested by the committee, the application shall include a description of:

- (i) Why licensing or other regulation of the lawful occupation is required to protect against present, significant and substantiated harm to the health or safety of the public; and
- (ii) The least restrictive regulation of the lawful occupation that would protect against present, significant and substantiated harm to the health or safety of the public.

(c) If an application is submitted by a representative of a lawful occupation, the application shall include a nonrefundable fee of five hundred dollars (\$500)

(d) All application fees shall be deposited into the general fund.

(e) The committee also may request information from state agencies that contract with individuals in regulated occupations and others knowledgeable of the occupation, labor-market economics, or other factors, costs and benefits.

(6) The committee shall meet as often as may be necessary for the proper performance of its duties upon the call of the cochairst.

(7) The sunrise review process shall be as follows:

(a) The committee will determine if the proposed regulation meets the state's policy in paragraph (1) of using the least restrictive regulation necessary to protect consumers from present, significant, and substantiated harms.

(b) The committee's analysis in (a) will employ a rebuttable presumption that consumers are sufficiently protected by market competition and private remedies, as listed in paragraph 4(e)(i)-(iv) The committee will give added consideration to the use of private certification programs that allow a provider to give consumers information about the provider's knowledge, skills and association with a private certification organization.

(c) The committee may rebut the presumption in (b) if it finds both credible empirical evidence of present, significant and substantiated harm, and that consumers do not have the information and means to protect themselves against such harm. If evidence of such unmanageable harm is found, the committee will recommend the least restrictive government regulation to address the harm, as listed in paragraph 4(e) (v)-(xvi)

(d) The committee may use the following guidelines to form its recommendation in (c) If the harm arises from:

- (i) contractual disputes, including pricing disputes, the committee may recommend enacting a specific civil cause of action in small-claims court or district court to remedy consumer harm. This cause of action may provide for reimbursement of the attorney's fees or court costs, if a consumer's claim is successful;
- (ii) fraud, the committee may recommend strengthening powers under the state's deceptive trade practices acts or requiring disclosures that will reduce misleading attributes of the specific good or service;
- (iii) general health and safety risks, the committee may recommend enacting a regulation on the related process or requiring a facility license;
- (iv) unclean facilities, the committee may recommend requiring periodic facility inspections;
- (v) a provider's failure to complete a contract fully or to standards, the committee may recommend requiring the provider to be bonded;
- (vi) a lack of protection for a person who is not a party to a contract between providers and consumers, the committee may recommend requiring the provider have insurance;
- (vii) transactions with transient, out-of-state, or fly-by-night providers, the committee may recommend requiring the provider register its business with the secretary of state;
- (viii) a shortfall or imbalance in the consumer's knowledge about the good or service relative to the provider's knowledge (asymmetrical information), the committee may recommend enacting government certification;
- (ix) an inability to qualify providers of new or highly specialized medical services for reimbursement by the state, the committee may recommend enacting a specialty certification solely for medical reimbursement;

- (x) a systematic information shortfall in which a reasonable consumer of the service is permanently unable to distinguish between the quality of providers and there is an absence of institutions that provide guidance to consumers, the committee may recommend enacting an occupational license; and
- (xi) the need to address multiple types of harm, the committee may recommend a combination of regulations. This may include a government regulation combined with a private remedy including third-party or consumer-created ratings and reviews, or private certification.

(e) The committee's analysis of the need for regulation in (d) will include the effects of legislation on opportunities for workers, consumer choices and costs, general unemployment, market competition, governmental costs, and other effects.

(f) The committee's analysis of the need for regulation in (d) also will compare the legislation to whether and how other states regulate the occupation, including the occupation's scope of practice that other states use, and the personal qualifications other states require.

(g) The committee will report its findings and recommendations to the initial and subsequent committees that will hear the legislation. The report will include recommendations addressing:

- (i) the type of regulation, if any;
- (ii) the requisite personal qualifications, if any; and
- (iii) the scope of practice, if applicable.

(h) The committee also may comment on whether and how much responsibility the legislation delegates to a licensing board to promulgate administrative rules, particularly rules relating to establishing (a) the occupation's scope of practice or (b) the personal qualifications required to work in the occupation. The comment may make legislators aware of exposure to antitrust litigation that the legislation may cause because of excessive or ambiguous delegation of authority to licensing boards to engage in administrative rulemaking.

(i) The committee shall submit its report to the chair of each relevant committee no less than seven months after the committee receives the request for analysis.

(j) The committee will make its report publicly available and post it on the legislature's website.

(8) The House of Representatives and the Senate will each adopt a rule requiring a committee considering legislation to enact or modify an occupational regulation to receive

the committee's analysis and recommendations in paragraph (7) prior to voting on the legislation.

(9) Nothing in this chapter shall be construed to preempt federal regulation or to require a private certification organization to grant or deny private certification to any individual.

(10) In addition to the sunrise process, the committee shall study and review occupational licensing and certification laws in general in order to determine, as applicable, how the legislature may be able to ease occupational licensing barriers while still protecting the public health and safety.

(a) The committee will use the criteria in paragraph 7 paragraphs (a)-(f) to analyze existing occupational licenses and perform sunset reviews. The committee also may consider research or other credible evidence whether an existing regulation directly helps consumers to avoid present, significant and recognizable harm.

(b) In its report, the committee will recommend the legislature enact new legislation that:

- (i) repeals the occupational licenses,
- (ii) converts the occupational licenses to less restrictive regulations in paragraph 4(e),
- (iii) instructs the relevant licensing board or agency to promulgate revised regulations reflecting the legislature's decision to use a less restrictive alternatives to occupational licenses;
- (iv) changes the requisite personal qualifications of an occupational license;
- (v) redefines the scope of practice in an occupational license; or
- (vi) reflects other recommendations to the legislature.

(c) The committee also may recommend that no new legislation is enacted.

(d) The committee will make its report publicly available and post it on a state website.

(11) Nothing in paragraph (10) shall be construed (a) to preempt federal regulation, (b) to authorize the committee to review the means that a private certification organization uses to issue, deny or revoke a private certification to any individual, or (c) to require a private certification organization to grant or deny private certification to any individual.

(12) The committee shall operate on a pilot basis for two (2) years and shall cease to exist following its report to the second regular session of the sixty-sixth Idaho legislature in 2022 unless legislative action is taken to extend the duration of the pilot committee or to make it permanent.

UNIVERSAL LICENSURE

SECTION 2. That Chapter 94, Title 67, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW SECTION, to be known and designated as Section 67-9409, Idaho Code, and to read as follows:

67-9409. UNIVERSAL LICENSURE.

- (1) Definitions: The words defined in this section have the meanings given them for purposes of this chapter unless the context clearly requires otherwise.
 - (a) "Board" means a government agency, board, department licensing authority or other state agency that regulates a lawful occupation and issues an occupational license or government certification to an individual.
 - (b) "Government certification" means a voluntary, government-granted and nontransferable recognition to an individual who meets personal qualifications related to a lawful occupation. Upon the government's initial and continuing approval, the individual may use "government certified" or "state certified" as a title. A non-certified individual also may perform the lawful occupation for compensation but may not use the title "government certified" or "state certified." In this chapter, the term "government certification" is not synonymous with "occupational license." It also is not intended to include credentials, such as those used for medical-board certification or held by a certified public accountant, that are prerequisites to working lawfully in an occupation.
 - (c) "Lawful occupation" means a course of conduct, pursuit or profession that includes the sale of goods or services that are not themselves illegal to sell irrespective of whether the individual selling them is subject to an occupational license.
 - (d) "Other state" or "another state" means any U.S. territory or state in the United States other than this state.
 - (e) "Private certification" is a voluntary program in which a private organization grants nontransferable recognition to an individual who meets personal qualifications and standards relevant to performing the occupation as determined by the private organization. The individual may use the designated title of "certified," as permitted by the private organization.
- (f) "Scope of practice" means the procedures, actions, processes and work that a person may perform under an occupational license or government certification issued in this state.

- (2) Notwithstanding any other law, the board shall issue an occupational license or government certification to a person upon application, if all the following apply:
- (a) The person holds a current and valid **occupational license or government certification** in another state in a lawful occupation with a similar scope of practice, as determined by the board in this state;
 - (b) The person has held the occupational license or government certification in the other state for at least one year;
 - (c) The board in the other state required the person pass an examination, or to meet education, training or experience standards;
 - (d) The board in the other state holds the person in good standing;
 - (e) The person does not have a disqualifying criminal record as determined by the board in this state under state law;
 - (f) No board in another state revoked the person's occupational license or government certification because of negligence or intentional misconduct related to the person's work in the occupation;
 - (g) The person did not surrender an occupational license or government certification because of negligence or intentional misconduct related to the person's work in the occupation in another state;
 - (h) The person does not have a complaint, allegation or investigation pending before a board in another state which relates to unprofessional conduct or an alleged crime. If the person has a complaint, allegation or investigation pending, the board in this state shall not issue or deny an occupational license or government certification to the person until the complaint, allegation or investigation is resolved or the person otherwise meets the criteria for an occupational license or government certification in this state to the satisfaction of the board in this state; and
 - (i) The person pays all applicable fees in this state.
- (3) If another state issued the person a government certification but this state requires an occupational license to work, the board in this state shall issue an occupational license to the person if the person otherwise satisfies paragraph 2.
- (4) Notwithstanding any other law, the board shall issue an occupational license or government certification to a person upon application based on **work experience** in another state, if all the following apply:

- (a) The person worked in a state that does not use an occupational license or government certification to regulate a lawful occupation, but this state uses an occupational license or government certification to regulate a lawful occupation with a similar scope of practice, as determined by the board.
 - (b) The person worked for at least three years in the lawful occupation; and
 - (c) The person satisfies paragraph 2 (e)-(i)
- (5) Notwithstanding any other law, the board shall issue an occupational license or government certification to a person based on holding a **private certification and work experience** in another state, if all the following apply:
- (a) The person holds a private certification and worked in a state that does not use an occupational license or government certification to regulate a lawful occupation, but this state uses an occupational license or government certification to regulate a lawful occupation with a similar scope of practice, as determined by the board;
 - (b) The person holds a current and valid private certification in the lawful occupation;
 - (c) The person holds a current and valid private certification in the lawful occupation;
 - (d) The private certification organization holds the person in good standing; and
 - (e) The person satisfies paragraph 2 (e)-(i)
- (6) A board may require a person to pass a jurisprudential examination specific to relevant state laws that regulate the occupation if an occupational license or government certification in this state requires a person to pass a jurisprudential examination specific to relevant state statutes and administrative rules that regulate the occupation.
- (7) The board will provide the person with a written decision regarding the application within 60 days after receiving a complete application.
- (8) The board will provide the person with a written decision regarding the application within 60 days after receiving a complete application.

- (9) The person may appeal the board's decision to a court of general jurisdiction. The person may appeal the board's:
- (a) denial of an occupational license or government certification;
 - (b) determination of the occupation;
 - (c) determination of the similarity of the scope of practice of the occupational license or government certification issued; or
 - (d) other determinations under this chapter.
- (10) A person who obtains an occupational license or government certification pursuant to this chapter is subject to the laws regulating the occupation in this state; and the jurisdiction of the board in this state.
- (11) This chapter does not apply to an occupation regulated by the state supreme court.
- (12) An occupational license or government certification issued pursuant to this chapter is valid only in this state. It does not make the person eligible to be work in another state under an interstate compact or reciprocity agreement unless otherwise provided in law.
- (13) Nothing in this chapter shall be construed to prevent this state from entering into a licensing compact or reciprocity agreement with another state, foreign province or foreign country.
- (14) Nothing in this chapter shall be construed to prevent this state from recognizing occupational credentials issued by a private certification organization, foreign province, foreign country, international organization or other entity.
- (15) Nothing in this chapter shall be construed to require a private certification organization to grant or deny private certification to any individual.
- (16) The board may charge a fee to the person to recoup its costs not to exceed \$100 for each application.
- (17) This chapter preempts laws by township, municipal, county and other governments in the state which regulate occupational licenses and government certification.

REVIEW OF CRIMINAL RECORDS

SECTION 3. That Chapter 94, Title 67, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW SECTION, to be known and designated as Section 67-9410 and Section 67-9411, Idaho Code, and to read as follows:

67-9410. Review of a Criminal Record.

(1) Notwithstanding any other law, an agency, board, department, licensing authority or other state agency (hereafter "board") will use only this chapter to deny, diminish, suspend, revoke, withhold or otherwise limit state recognition because of a criminal conviction.

(2) A board will not automatically bar an individual from state recognition because of a criminal record but will provide individualized consideration.

(3) A board may consider only a conviction of a non-excluded crime that is a felony or violent misdemeanor.

(4) A board will not consider:

(a) a deferred adjudication, participation in a diversion program, or an arrest not followed by a conviction;

(b) a conviction for which no sentence of incarceration can be imposed;

(c) a conviction that has been sealed, annulled, dismissed, expunged or pardoned;

(d) a juvenile adjudication;

(e) a non-violent misdemeanor; or

(f) a conviction for which the individual's incarceration ended more than two years before the date of the board's consideration except for a conviction of:

(i) a felony crime of violence;

(ii) a felony related to a criminal sexual actor

(iii) a felony related to a criminal fraud or embezzlement.

(5) Any ambiguity in an occupational regulation relating to a board's use of an individual's criminal record will be resolved in favor of the individual.

(6) The board will not use a vague term in its consideration and decision including:

- (a) good moral character;
- (b) moral turpitude; or
- (c) character and fitness

(7) The board will consider the individual's current circumstances including:

- (a) the age of the individual when the individual committed the offense;
- (b) the time since the offense;
- (c) the completion of the criminal sentence;
- (d) a certificate of rehabilitation or good conduct;
- (e) completion of, or active participation in, rehabilitative drug or alcohol treatment;
- (f) testimonials and recommendations including a progress report from the individual's probation or parole officer;
- (g) other evidence of rehabilitation;
- (h) education and training;
- (i) employment history;
- (j) employment aspirations;
- (k) the individual's current family responsibilities;
- (l) whether the individual will be bonded in the occupation; and
- (m) other information that the individual submitted to the board.

(8) The board will hold a public hearing, should the individual request one, pursuant to the state's administrative procedure act.

(9) The board may deny, diminish, suspend, revoke, withhold or otherwise limit state recognition only if the board determines:

- a. the state has an important interest in the regulation of a lawful occupation that is directly, substantially and adversely impaired by the individual's non-excluded criminal record as mitigated by the individual's current circumstances in subdivision 7, and
- b. the state's interest outweighs the individual's fundamental right to pursue a lawful occupation.

(10) The board has the burden of making its decision by clear and convincing evidence.

(11) The individual may appeal the board's decision as provided for in the state's administrative procedure act.

Section 67-9411 Petition for Board Determination Prior to Obtaining Personal Qualifications.

(1) An individual with a criminal record may petition a board, agency, department, licensing authority or other state agency (hereafter "board") at any time, including before obtaining any required personal qualifications, for a decision whether the individual's criminal record will disqualify the individual from obtaining state recognition.

(2) The individual will include in the petition the individual's criminal record or authorize the board to obtain the individual's criminal record.

(3) The board will make its decision using the criteria and process in section 67-9410

(4) The board will issue its decision no later than 60 days after the board receives the petition or no later than 90 days after the board receives the petition if a hearing is held. The decision will be in writing and include the criminal record, findings of fact and conclusions of law.

(5) A decision concluding that state recognition should be granted or granted under certain conditions is binding on the board in any later ruling on state recognition of the petitioner unless there is a relevant, material and adverse change in the petitioner's criminal record.

(6) If the board decides that state recognition should not be granted, the board may advise the petitioners of actions the petitioner may take to remedy the disqualification.

(7) The petitioner may submit a revised petition reflecting completion of the remedial actions before a deadline the board sets in its alternative advisor decision.

(8) The petitioner may appeal the board's decision as provided for in the state's administrative procedure act.

(9) The petitioner may submit a new petition to the board not before one year following a final judgment on the initial petition or upon obtaining the required personal qualifications, whichever is earlier.

(10) The board may charge a fee to the petitioner to recoup its costs not to exceed \$25 for each petition.

(11) The board will establish an annual reporting requirement of the:

- (a) number of times that each board acted to deny, diminish, suspend, revoke, withhold or otherwise limit state recognition from a licensed individual because of a criminal conviction under Section 67-9410;
 - (b) offenses for which each board acted in under Section 67-9410;
 - (c) number of applicants petitioning each board under Section 67-9411,
 - (d) numbers of each board's approvals and denials under Section 67-9411,
 - (e) offenses for which each board approved or denied petitions under Section 67-9411, and
6. other data the board determines.

(b) The board will compile and publish annually a report on a searchable public website.

(12) Nothing in this chapter shall be construed to change a board's authority to enforce other conditions of state recognition, including the personal qualifications required to obtain recognition or compliance with other regulations.

(13) Nothing in this chapter shall be construed to require a private certification organization to grant or deny private certification to any individual.

AGENDA
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE
1:30 P.M.
Room WW54
Thursday, February 27, 2020

SUBJECT	DESCRIPTION	PRESENTER
MINUTES	Minutes of February 18, 2020	Senator Souza
APPROVAL:	Minutes of February 20, 2020	Senator Ward-Engelking
<u>H 362</u>	Relating to Insurance - Repeals Idaho Hospital Liability Trust Act	Dean Cameron, Director, Idaho Department of Insurance
<u>H 399</u>	Relating to Collection Agencies	Anthony Polidori, Consumer Finance Bureau Chief, Idaho Department of Finance
<u>H 401</u>	Relating to Mortgage Practices	Anthony Polidori
<u>H 370</u>	Relating to PERSI - Correct Code Reference	Don Drum, Executive Director, PERSI
<u>H 371</u>	Relating to PERSI - Provisions Regarding Police Officer Member Status	Don Drum
<u>H 372</u>	Relating to PERSI - Amends Existing Law to Provide for Actuarial Management Personnel	Don Drum
PRESENTATION:	Workforce Development Council	Wendi Secrist, Executive Director, Workforce Development Council

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Patrick	Sen Thayn
Vice Chairman Agenbroad	Sen Souza
Sen Martin	Sen Ward-Engelking
Sen Lakey	Sen Burgoyne
Sen Guthrie	

COMMITTEE SECRETARY

Linda Kambeitz
Room: WW46
Phone: 332-1333
Email: scom@senate.idaho.gov

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Thursday, February 27, 2020

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Agenbroad, Senators Martin, Lakey, Guthrie, Thayn, Souza, Ward-Engelking, and Burgoyne

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Patrick** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:31 p.m.

MINUTES APPROVAL: **Chairman Patrick** announced the minutes approval would be moved to a later time on the agenda.

H 362 **Relating to Insurance - Repeals Idaho Hospital Liability Trust Act.** **Dean Cameron**, Director, Idaho Department of Insurance (IDOI), reported licenses were identified that were not being used and have not been used in 20 years. This legislation repeals the Idaho Hospital Liability Trust Act. **Mr. Cameron** noted this legislation was brought by the Idaho Hospital Association to provide an alternative to the skyrocketing costs of medical malpractice insurance.

MOTION: **Senator Lakey** moved to send **H 362** to the floor with a **do pass** recommendation. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: **Senator Souza** moved to approve the Minutes of February 18, 2020. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

H 399 **Relating to Collection Agencies.** **Anthony Polidori**, Consumer Finance Bureau Chief, Idaho Department of Finance (IDOF), outlined the provisions in this bill. He reported the purpose of this legislation is to add a provision to allow collection agencies to collect incidental charges included in the contract between the creditor and the debtor. The bill provides efficiencies in licensing by requiring the use of an electronic system of licensing, eliminates paper-based licensing, and makes the licensing process for collection agents, debt counselors, credit counselors, and credit repair entities similar to other entities licensed by the IDOF. The use of a nationwide system of licensing is required and allows for reinstatement of expired applications.

Mr. Polidori noted the legislation removes branch registration requirements, extends licensing requirements to branch locations, and increases license and renewal application fees. Finally, the legislation eliminates quarterly agent reporting requirements and the associated fees for quarterly reporting.

DISCUSSION: **Senator Burgoyne** commented it was his understanding the IDOF would prescribe a rule to define what would constitute reasonable fees and costs for attorney fees and litigations. The rule would reflect what judges around the state of Idaho have put in writing as to what constitutes reasonable. **Mr. Polidori** responded that was correct. Fees are informal. It is the intent of the IDOF to look around the state for those fees that the courts are awarding and to make that part of the provision in this particular rule.

Senator Lakey queried if the registration was being changed to a license. **Mr. Polidori** stated that the IDOF accepts and records registrations, but does not collect a fee. The new licensing requirement includes a fee to compensate the IDOF. **Mr. Polidori** and **Senator Lakey** discussed why currently a fee cannot be charged for a registration.

Senator Souza and **Mr. Polidori** discussed whether there was a relationship with the medical bill currently before the Senate.

TESTIMONY: **Rich Fairbanks**, Idaho Collectors Association, testified in support of the bill.

MOTION: **Senator Burgoyne** moved to send **H 399** to the floor with a **do pass** recommendation. **Senator Thayne** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: **Senator Ward-Engelking** moved to approve the Minutes of February 20, 2020. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.

H 401 **Relating to Mortgage Practices. Anthony Polidori**, Consumer Finance Bureau Chief, Idaho Department of Finance (IDOF), outlined the provisions in this bill. He indicated the purpose of this legislation is to amend the definition of a mortgage lender to include entities engaged in mortgage servicing activities and to eliminate duplicative licensing and compliance requirements for the activity of servicing residential mortgage loans. Additionally, the legislation revises definitions to exclude commercial construction lending from applicable licensing requirements.

Mr. Polidori noted the legislation expands an exemption for de minimis lending activity conducted for investment purposes. Licensing requirements will be reduced for licensees and applicants, eliminating associated prohibited practices. This legislation grants temporary authority to originate residential mortgage loans to covered persons who have applied for a license as an individual mortgage loan originator. This bill coincides with federal law.

Mr. Polidori reported the proposed legislation is projected to decrease license renewal applicants as companies who maintain additional licenses transition to a single license under the Idaho Residential Mortgage Practices Act. The fiscal impact to the IDOF Regulatory Fund is an estimated loss of \$33,000 in FY 2021.

DISCUSSION: **Vice Chairman Agenbroad** and **Mr. Polidori** discussed the repeal of the Idaho mortgage company license and the operating provisions for a company when servicing mortgage loans.

MOTION: **Vice Chairman Agenbroad** moved to send **H 401** to the floor with a **do pass** recommendation. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

H 370 **Relating to PERSI - Correct Code Reference.** **Don Drum**, Executive Director, Public Employee Retirement System of Idaho (PERSI), outlined the provisions in this bill. He noted the purpose of this bill was to link disability eligibility. The original intent was that a member would have to qualify for disability to be eligible for benefits. This bill should adjust the potential misinterpretation. There would be no fiscal impact by adding this language to existing code.

DISCUSSION: **Chairman Patrick** and **Mr. Drum** discussed the consequences for those employees who were given the Rule of 80 in error. **Mr. Drum** stated those employees would be retained unless they moved out of the position. **Senator Lakey** asked for clarification for those employees who were incorrectly classified under the Rule of 80 and who left the position. **Mr. Drum** stated the Rule of 80 would not apply to anyone moving into that particular position.

Senator Burgoyne and **Mr. Drum** discussed job title changes at agencies. **Mr. Drum** noted new job titles are listed in code.

MOTION: **Senator Thayne** moved to send **H 370** to the floor with a **do pass** recommendation. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

H 371 **Relating to PERSI - Provisions Regarding Police Officer Member Status.** **Don Drum**, Executive Director, Public Employee Retirement System of Idaho (PERSI), outlined the provisions in this bill. He noted the purpose was to clearly define the intent of the Legislature as to who is to receive "police officer member" status, or "Rule of 80" for retirement purposes. The intent of the bill is to clarify language, remove subjectivity, and limit approved designation to those positions which past legislatures have approved through the legislative processes.

Mr. Drum explained the history of the Rule of 80. **Mr. Drum** cited that in the Rule of 80, the member status has increased as a percentage of the total population of PERSI membership. The actuarial review of the increased Rule of 80 membership indicates that a rate increase for all Class II (public safety members) may be required to fund the increased cost.

MOTION: **Senator Martin** moved to send **H 371** to the floor with a **do pass** recommendation. **Senator Guthrie** seconded the motion. The motion carried by **voice vote**.

H 372 **Relating to PERSI - Amends Existing Law to Provide for Actuarial Management Personnel.** **Don Drum**, Executive Director, Public Employee Retirement System of Idaho (PERSI), outlined the provisions in this bill. He noted Idaho Code § 59-1311 is amended to exempt actuarial management personnel from the provisions of Idaho Code Chapter 53, Title 67 and Idaho Code § 67-3519. An internal actuary employed by the system would be a non-classified employee, which is currently not allowed in Idaho statute. In order to make the position non-classified, the position would need to be exempted in Idaho statute, similarly to the investment management personnel.

Mr. Drum indicated there is no General Fund or federal fund impact. From FY 2017 to 2019, costs for additional actuarial analysis beyond independent third-party annual valuations has averaged \$279,523 per year. Ongoing savings to the trust would be achieved through a fixed cost of internal actuary services, currently estimated to be \$180,100 annually with benefits, and utilization of third-party actuarial services more efficiently.

DISCUSSION: **Chairman Patrick** and **Mr. Drum** discussed the current process with the contracted firm of Milliman. **Mr. Drum** remarked ad hoc work was costing on average \$275,000 per year. The goal is to hire an internal actuary for much less. He stated the PERSI Board was diligent about hiring someone who is high-level and experienced.

MOTION: **Vice Chairman Agenbroad** moved to send **H 372** to the floor with a **do pass** recommendation. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

PRESENTATION: **Workforce Development Council (WFDC). Wendi Secrist**, Executive Director, WFDC, highlighted the activities of the WFDC. She outlined some of the entities the WFDC is working closely with to ensure a future where Idaho's diverse and prepared workforce meets the needs of Idaho's unique communities and employers (Attachment 1).

Ms. Secrist noted the other big picture is the role the WFDC plays to serve as the state and local WFDC Board under the Workforce Innovation and Opportunity Act. She explained the WFDC is in the middle of drafting a 4-year plan for the workforce system after conducting 16 listening sessions over the summer and fall and have prioritized 4 large goals (Attachment 2).

Ms. Secrist explained that under Idaho Public Television's (IPTV's) American Graduate project, they were able to create a 360-degree video tour of a manufacturer. At the Governor's Summit, they demonstrated the tour using a virtual reality helmet. This is a great opportunity to create virtual industry tours of many Idaho businesses and make them available to school districts for career exploration. She noted each Senator had a set of 3D glasses to be used for a tour by placing their cell phones into the slot. She said she would email the link to the Committee secretary.

DISCUSSION: **Senator Souza** expressed a concern about the effort to reduce some of the funding for vocational rehabilitation funds for the significantly disabled who can work. **Ms. Secrist** said she was highly aware of this situation, but did not have knowledge about the funding cuts.

Senator Thayn asked for data on the age of those participating in all of the programs. **Ms. Secrist** indicated the only age information that was available was from a program designed for youth. **Senator Thayn** stated it would be interesting to find out what age groups may be seeking these opportunities.

Chairman Patrick announced there would be two more meetings next week and then the committees would be shut down.

ADJOURNED: There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:45 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary

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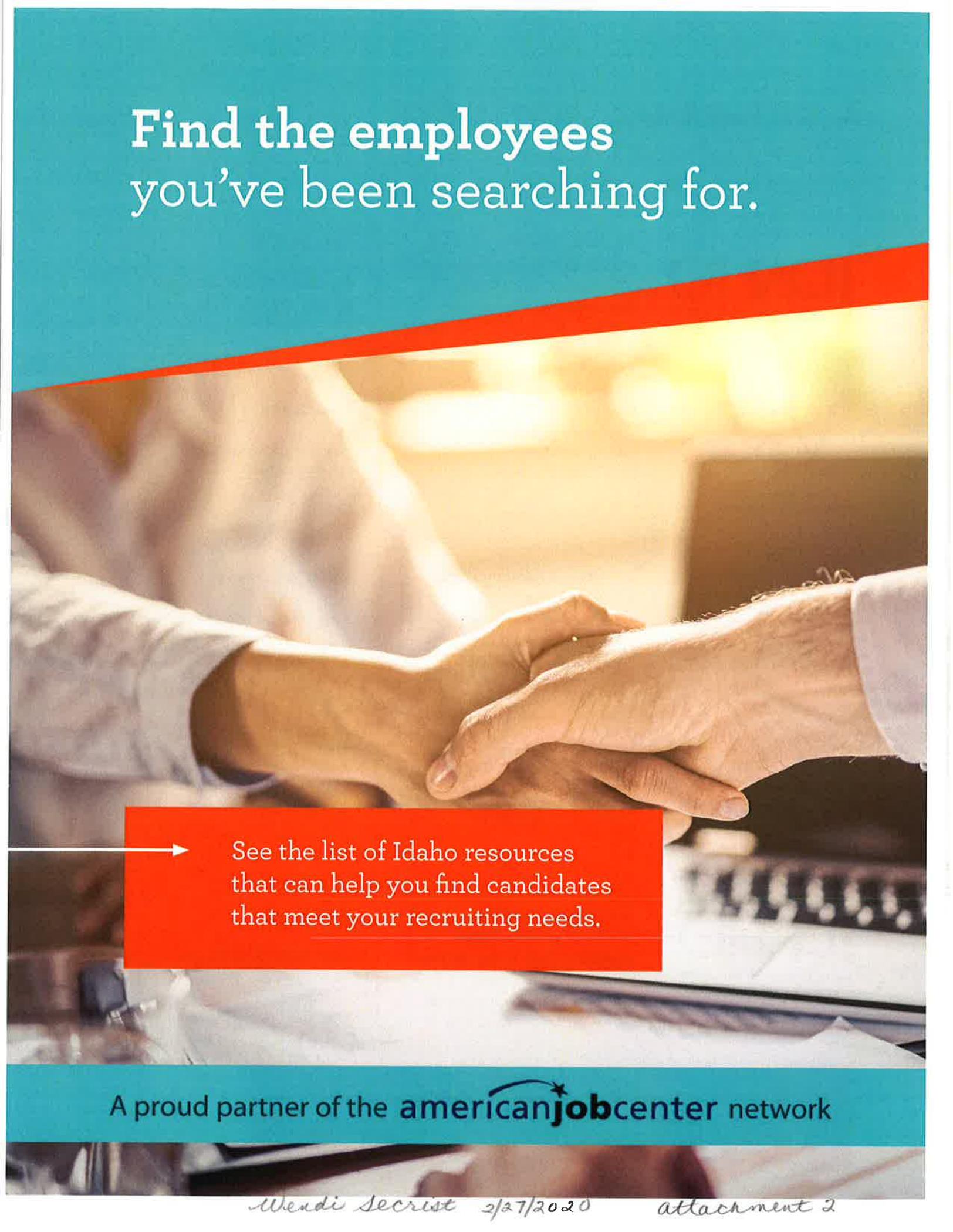
	Learning About Work			Learning Through Work			Learning At Work	
Category	Career Education	Employer Engagement	Externships	Internships	Pre-Apprenticeship	Co-op	On-the-Job Training	Apprenticeship
Definition	Teachers bring career information into the classroom.	Students learn by directly engaging with potential future employers.	Short practical work experiences to “ground-truth” theory.	A short-term position providing experience and exposure. May be paid or unpaid and for-credit or non-credit.	A program that teaches basic technical and job-readiness skills to prepare for an apprenticeship.	Structured method of classroom learning integrated with workplace experience where credit is received for both.	Individuals are taught by other employees how to complete a task while doing the job.	An “earn while you learn” model where on-the-job training is coupled with related instruction. Wage gains are incorporated and the experience culminates in industry-recognized credentials.
Activities	<ul style="list-style-type: none"> Career Counseling Pathway Planning Presentations examining growth careers Industry Speakers Interviews with current employees 	<ul style="list-style-type: none"> Host a tour for middle school/high school students or participate in school-organized career fairs. Provide an opportunity for students to job shadow. Become a mentor through the STEM Action Center’s Mentorship Portal. 	<ul style="list-style-type: none"> Host a teacher during the summer to bring real-world experiences into the classroom. 	<ul style="list-style-type: none"> Connect with college & career advisors at high schools to reach high-school interns. Connect with postsecondary institutions to reach college interns. 	<ul style="list-style-type: none"> Partner with an industry association to develop a program to teach workplace skills. Host a competitive job-skill-building event requiring potential apprentices to collaborate on project-based activities. 	<ul style="list-style-type: none"> Connect with a local community college or other postsecondary institution to identify cooperative education opportunities in areas of in-demand skills. 	<ul style="list-style-type: none"> Partner with the Idaho Department of Labor, Division of Vocational Rehabilitation and/or Department of Health & Welfare to hire Veterans, individuals with disabilities, and other individuals seeking work. 	<ul style="list-style-type: none"> Develop registered apprenticeship programs for hard-to-fill positions. Expand apprenticeship programs to School to Registered Apprenticeship to engage high school students.

Brought to you by:



*Attachment 1
2/27/2020
Wendi Secrist*

Find the employees you've been searching for.



→ See the list of Idaho resources
that can help you find candidates
that meet your recruiting needs.

A proud partner of the **americanjobcenter** network

Wendi Secrist 2/27/2020

attachment 2

Contact our partners

to learn more about how they can help you connect with potential employees.



We connect business, education and workforce; link jobseekers with employers; and help people with career and life transitions.

Dave Darrow

dave.darrow@labor.idaho.gov
208-457-8789 ext. 3743



Idaho Division of
Vocational Rehabilitation

Connecting skilled and talented individuals with disabilities to your job needs.

Loni Hanka

Loni.hanka@vr.idaho.gov
208-287-6479



Connecting Idahoans with the resources they need to get a meaningful job to support themselves and their families.

Sarah Buenrostro

Sarah.Buenrostro@dhw.idaho.gov
208-334-4934



Connecting employers with experienced older workers who are skilled, reliable, and ready to re-join today's workforce.

Michelle Miller

Michellleg@esgw.org
208-608-8269



Idaho's experts on blindness and low vision provide creative solutions to help businesses hire, train, and retain talented employees with visual disabilities.

Earl Hoover

ehoover@icbvi.idaho.gov
208-334-3220

→ All of our workforce partners work with and place a priority on serving veterans. We look forward to connecting you with those who have served our country so well.



Workforce Development Training Fund 2019 Annual Report

Idaho Workforce Development Council
State of Idaho
Brad Little, Governor

The Council serves as a coordinating body across state agencies, education, and economic development partners in order to address one of the most critical issues threatening the continued growth of Idaho's economy – developing a skilled workforce that meets the unique needs of Idaho's communities and employers.

The Council is responsible for the Workforce Development Training Fund, a dedicated fund generated by a 3% offset of unemployment insurance taxes. The goals of the Workforce Development Training Fund are:

- Increase the economic mobility of Idahoans through training that leads to wage gains and retention.
- Provide timely assistance to businesses while shifting focus to broader talent pipeline development strategies that serve multiple employers.
- Support growth of the economy by assisting employers with job creation and integration of technology, specifically through the development of skills in their existing and/or new employees.
- Provide a return on investment to Idahoans as evidenced by increased wages, job creation, capital investment, retention of Idaho's workforce, credential attainment, and/or customer satisfaction (employer and trainee).
- Promote innovation in talent development.
- Encourage replication of best practices in talent pipeline development.

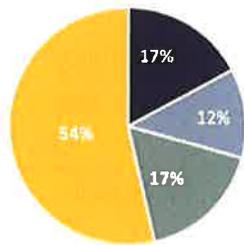
In 2019 the Idaho Department of Labor conducted an evaluation of 40 Workforce Development Training Fund grants awarded between 2012 and 2016 that reached nearly 2,000 Idahoans throughout the state. The evaluation uncovered these key findings:

- Employer grant trainees realized an average annualized wage increase of 23 percent one year following program completion
- Wage increases for new-hires were more than double those for incumbent workers
- More than half the innovation grants and nearly half the employer grant participants were trained in rural counties
- Eighty-three percent of trainees remained in Idaho, with 68 percent remaining at the same employer. Thirty-four percent of employer grant trainees who found employment at a different company remained in the same industry
- The final cost per trainee for employer grants during the evaluation period decreased to \$960

Grants by Type and Amount

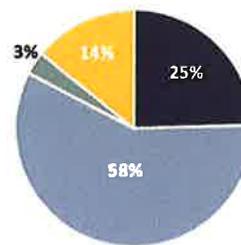
Forty-one grants were awarded between January 1, 2019 and December 31, 2019. Combined, they anticipate training 3,112 trainees and will work with 116 employer and community partners. The following charts reflect the Council's priority to shift focus from helping employers one-at-a-time to broader sector strategies, including increasing line-of-sight through Outreach Project awards. While the majority of projects funded in 2019 went toward increasing awareness of career opportunities for all Idahoans, the majority of dollars went towards sector grants.

**Grants by Type
Calendar Year 2019**



■ Employer Grant - 7 ■ Industry Sector - 5
■ Innovation Grant - 7 ■ Outreach - 22

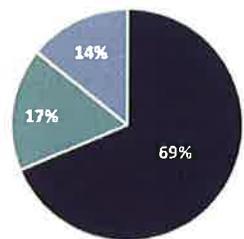
**Grants by Amount
Calendar Year 2019**



■ Employer Grant ■ Industry Sector
■ Innovation Grant ■ Outreach

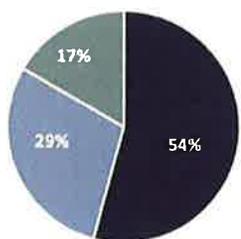
Historical Grants by type:

**Number of Grants by Type
Calendar Years 2014-2017**



■ Employer Grant - 48 ■ Innovation Grant - 12
■ Industry Sector - 10

**Number of Grants by Type
Calendar Year 2018**



■ Employer Grant - 13 ■ Industry Sector - 7
■ Innovation Grant - 4

Workforce Development Training Fund

YEARLY FINANCIAL SUMMARY for FY2018 & FY2019 (UNAUDITED)

	ACTUAL FY2018 7/1/17 - 6/30/18	ACTUAL FY2019 7/1/18 - 6/30/19
Beginning Cash Balance*	\$13,656,183	\$17,863,912
Revenue		
Collections**	\$7,162,073	\$3,646,101
Interest	\$252,542	\$405,829
Miscellaneous Revenue		\$36,339.00
Total Revenue	<u>\$7,414,615</u>	<u>\$4,088,269</u>
Expenditures		
WDTF Grants	\$2,338,801	\$4,708,910
Administrative Expenses	\$922,510	\$735,282
Total Expenses	<u>\$3,261,311</u>	<u>\$5,444,192</u>
Ending Cash Balance	\$17,809,487	\$16,507,989
Outstanding Grant Obligations	\$4,858,815	\$4,233,170
Ending Unobligated Balance	<u>\$12,950,672</u>	<u>\$12,274,819</u>

* Responsibility for the Workforce Development Training Fund (WDTF) transitioned from the Idaho Department of Labor to the Workforce Development Council (WDC) on July 1, 2018. The beginning cash balance reflects the amount that was transferred to the WDC.

**Includes a \$2.5m general fund transfer into the WDTF in FY18 to offset the impact of the unemployment insurance tax rate reduction passed in 2018.

Workforce Development Training Fund

JANUARY 1, 2019 THROUGH DEC. 31, 2019

Employer Grants

Direct grants provided to new and expanding business with an emphasis on transferrable skills and structured training programs.

	COMPLETED	ACTIVE*
Total Contracts-----	7	17
Amount Awarded-----	\$5,591,086	\$3,730,200
Total Expended-----	\$4,864,107	\$1,314,879
Average Hourly Wage-----	\$17.55	\$21.26
Number of Trainees-----	3,360	3,060
Average Cost per Trainee-----	\$1,448	\$1,219

Industry Sector Grants

Education institutions partner with three or more industry partners who provide a cash match and/or in-kind resources.

	COMPLETED	ACTIVE*
Total Contracts-----	2	11
Total Awarded-----	\$562,098	\$5,067,936
Total Expended-----	\$543,579	\$597,106
Average Hourly Wage-----	\$22.55	\$19.18
Number of Trainees-----	272	3003
Average Cost per Trainee-----	\$1,998	\$1,688

Innovation Grants

Community consortiums of business, education and other partners to solve workforce issues.

	COMPLETED	ACTIVE*
Total Contracts-----	3	8
Total Awarded-----	\$60,481	\$215,461
Total Expended-----	\$56,656	\$895
Number of Trainees-----	61	200
Average Cost per Trainee-----	\$944	\$1,077

Outreach Grants

Increasing public information and outreach on career education and workforce training opportunities.

	COMPLETED	ACTIVE
Total Contracts-----	6	17
Total Awarded-----	\$217,234	\$852,754
Total Expended-----	\$207,140	\$52,136
**Total Reach-----	16,805	13,696

*Information provided for active grants shows planned wages, trainees and cost per trainee.

**Information for total reach includes reported data on completed activities. Reach includes contact at an event, clicks through to a website as a result of outreach efforts, direct mail, and participation in an outreach activity as relevant to each project.

Award Highlights

The fund, established in 1996, is one of the state’s most powerful workforce development tools available to support new and existing businesses as they seek to relocate or expand.

Highlights from just a few of the companies and organizations that have been boosted through the program illustrate not just the economic impact of the program, but also the human factor, and the diverse strategies at work to accomplish the training fund’s goals.

Region 1 - Northern Idaho

Unitech Composites, Hayden – Employer Grant

Period of Performance: April 1, 2018, through March 30, 2020

Total Dollars Awarded: \$822,337

Estimated Number of People Trained: 400

Estimated Post-Training Wages Increase: \$2 to \$5/hour

Unitech Composites – Employer Grant

Northern Idaho’s burgeoning aerospace industry is projected to grow 41% over the next 10 years and the companies in the area are feeling the effects.



Unitech Composites of Hayden, a key industry employer in the region, has been hiring and training more than 100 additional staff since April 2018 - many with very little exposure to the aerospace standards or the composites industry.

But with the help of an \$822,337 Workforce Development Training Fund employer grant, the company has been able to provide training across a spectrum of skills for more than 400 employees.

Unitech manufactures structural and non-structural composite laminates and assemblies for the aerospace and defense industry. The majority of the parts it manufactures are built to customer specifications, but Unitech also designs and builds parts, such as weapons pylons for rotorcraft. The need for precision and highly technical skills is essential.

The training is a combination of classroom and structured on-the-job training, led by supervisors, to ensure technical standards are followed. Classroom instruction covers composite fundamentals, safety, workplace ethics and new industry technologies.

Overall training covers more than 35 topics, ranging from highly technical skills, such as non-destructive inspection certification, calibration technician certification and advanced composite manufacturing to software and lean manufacturing principals.

Employees have been training for such positions as assembly technicians, CMM (coordinate measuring machine) inspectors and operators, CNC (computer numerical control) machine operator, FAI (first article inspection) coordinators, Gerber machine operators, and manufacturing, program and quality engineers.

Nearly every training module concludes with the trainee earning a certification. Both new and existing employees will be trained over the two-year grant period. Incumbent employees see an increase of \$2 to \$5 an hour after completing the training. In addition to hiring and training employees, Unitech has invested \$5 million in facilities and \$3.5 million in equipment.

Region 2 - North Central Idaho

Lewis-Clark State College, Adult Learner Program – Outreach Grant

Period of Grant: February 7, 2019 through August 6, 2020

Total Dollars Awarded: \$35,000



LEWIS-CLARK STATE
COLLEGE

Lewis-Clark State College launched its Adult Learner program in July with the help of a \$35,000 outreach grant from the Idaho Workforce Development Council.

LCSC's Adult Learner program targets non-traditional students who need a flexible, affordable and focused solution to pursue postsecondary education, especially individuals who have previously taken college courses, but did not finish their degree or certificate. Besides night and weekend classes, the program has expanded to include more than 30 degree and certification opportunities students can complete fully online.

The grant funding provided the foundation of an outreach effort to communicate the many resources available to non-traditional students, starting with LCSC's new Adult Learner website at www.lcsc.edu/finish. Social media advertising on Facebook, Instagram and YouTube was essential in driving traffic to the website, which drew nearly 3,000 prospective participants in its first three months. People throughout Idaho and Washington have visited the site, with the highest number from Boise, Lewiston and Coeur d'Alene.

Grant funding has supported outreach events in Coeur d'Alene, Orofino, Grangeville and Lewiston over the first quarter of the grant period. Other outreach efforts include newspaper ads, distributing flyers, post cards and postage to reach targeted audiences.

At the grant's conclusion, LCSC will provide assets or lessons learned with other institutions and incorporate findings into their own marketing plans for the future.

Region 3: Southwestern Idaho Aviation Specialties Unlimited – Employer Grant

Period of Performance: Feb. 1, 2019, to Jan. 31, 2021

Total Dollars Awarded: \$60,138

Estimated Number of People Trained: 20

Estimated Post-Training Wage Increase: \$3 to \$14/hour



Boise-based Aviation Specialties Unlimited Inc. (ASU) has been safeguarding pilots and aircrews in law enforcement, air medical services, national defense, aerial firefighting, agriculture and counter-drug operations with advanced aerospace imaging systems for more than 20 years.

As the company continues to expand its products for new customers, so does its need to employ workers with skills unique to the industry and introduce new skills to incumbent workers. With the help of a \$60,138 Workforce Development Training Fund employer grant, ASU has been able to provide specialized training for 20 workers with an annual average increase in wages of more than \$19,000 each over the two-year grant period.

ASU has started providing aviation services for the Australian-based Scenic Cruises' new luxury "discovery yacht" called the Eclipse, requiring training in such areas as maritime safety and security and certifications for overwater travel. The company also is developing a night vision goggle system it will manufacture in Boise. The U.S. Air Force has contracted with ASU to develop a prototype of a new flight helmet and may end up manufacturing it as well.



ASU conducts night vision initial, recurrent and instructor pilot training. PHOTO: ASU website.

New and incumbent workers are learning new skills to support these projects through a combination of vendor and internal structured on-the-job training, and specific training for industry certifications and occupational licenses. Airbus and Boise State University are among external training providers. Among new workers are pilots, aircraft operations specialists, aircraft logistical specialists and relief pilots – operations specialists. Aircraft

maintenance technicians and goggle maintenance technicians are among the incumbent workers who are receiving retraining.

Wages for all positions will increase, some substantially, after the training. ASU is investing \$72,000 in facilities and \$115,000 in equipment as part of their expansion. The two-year grant wraps up Jan. 31, 2021.

**Region 3 – Southwestern Idaho
Idaho Youth Ranch, Youthworks! Program – Outreach Grant**



Period of Performance: Jan. 1, 2018 to Dec. 31, 2020

Total Dollars Awarded: \$26,292

The Idaho Youth Ranch (IYR) Youthworks! job readiness programs saw a substantial increase in participation in 2019 with the help of a \$26,292 outreach grant from the Idaho Workforce Development Council.

Initial outreach activities were targeted towards community job readiness workshops, which are free to individuals 16-24 years of age who are struggling to find employment. IYR created partnerships with four new groups, which boosted participation. Each workshop focuses on a critical part of the job search process – creating resumes, applying for a job and successful

interviewing. In the 24 workshops offered from early March through June 2019, attendance topped 400 with a 100 percent completion rate.



One of the Youthworks! Summer Experience interns on her first day of work at an Idaho Youth Ranch thrift store.

The outreach campaign also targeted individuals to apply for Youthworks! Summer Experience, which is a job readiness program designed to give young people skills – especially soft skills - and experience proven

to be effective in preparing them to get a job that will open doors to new opportunities. The eight-week, paid internship starts in June and includes orientation, workshops and six work experience sessions at one of the Idaho Youth Ranch thrift stores. In-store training includes working with donations, sorting, merchandising and stocking product.

More than 60 individuals applied to the program in 2019 and 22 were accepted – 12 for the Ada County program and 10 for the Canyon County program.

Another outreach project drew IYR residents and alums to workshops and one-on-one sessions that focus on helping youth research careers that match for their interests and skills. They learn about the educational requirements, job outlook, wage potential and skills required. Fifty individuals participated in 16 sessions between March 4 and May 16, 2019.

IYR's outreach campaign covered a gamut of methods - social media posts on Facebook, Twitter and Instagram, posters in IYR thrift stores, radio ads, support from the Idaho Department of Labor, meetings with college and career counselors from the Treasure Valley area, attending community resource fairs and distributing flyers at several community meetings. The [Youthworks! website](#) also provided a vehicle for outreach.

In nearly every measure, actual participation exceeded IYR's projections, including:

- Number of youth attending job readiness workshops: Projected: 100; Actual: 415 (234 unduplicated)
- Percent of youth completing job readiness workshops: Projected: 88 percent; Actual: 100 percent
- Of the youth who participated in Next Steps Workshops, 97 percent reported improved knowledge of career opportunities.
- Of the youth who participated in one-on-one sessions, 36 percent obtained employment within 30 days.

Region 4 – South Central Idaho City of Twin Falls – Innovation Grant

Event Date: March 14-15, 2019

Estimated Number of People Trained: 40

Total Dollars Awarded: \$3,300

Nearly 40 students from six south central Idaho high schools received hands-on building instruction from the region's leading contractors with the help of an Idaho Workforce Development Training Fund innovation grant of \$3,300.

The two-day event - Magic Valley Construction Expo - took place March 14-15, 2019. Inspired by the Construction Combine, a trade education initiative developed by Idaho State University, the event gave local high school students the opportunity to learn construction industry skills from licensed professionals and gave contractors a chance to meet with and train future

candidates for employment. Students were introduced to key skills including framing, electrical, plumbing, roofing and more.

By the end of the event students had built sheds and bathroom vanities using their new skills.

Event organizers garnered significant support for the 2019 event from local contractors and companies that provided equipment and/or hands-on training including, Black Pine Cabinets, BMC, Bridger Smith Custom Homes, Builder's FirstSource (Twin Falls Lumber), Castle's Custom Homes, Chris Brann Drywall, Classic Stone Works, Ferguson Showroom, Franklin Building Supply, Gietzen Solar, High Water Plumbing, PSI Environmental Systems, Rain Guard Roofing, Rocky Mountain Flooring, Sherwin Williams and Starr Corporation.



Students worked alongside construction professionals to get hands-on experience and exposure to the industry during the 2019 Magic Valley Construction Expo.

Other sponsors were Farmer's Bank, Idaho Central Credit Union, Westmark Credit Union, and the College of Southern Idaho, who provided the facility and staff support.

Event organizers are planning to hold the event in 2020 and expect it to grow significantly and will involve the Twin Falls School District's new career technical education (CTE) program for construction.

Region 5 – Southeastern Idaho Idaho State University, Surveyors – Industry Sector Grant

Period of Performance: Jan. 1, 2019, to Dec. 31, 2021

Estimated Number of People Trained: 32

Total Dollars Awarded: \$159,595



**Idaho State
University**

The land surveying profession in Idaho, like many industries, has been losing skilled workers due to retirements while seeing an increasing need for professional land surveyors and technicians all across the state. In addition, 53 firms in Idaho employing surveyors and technicians were surveyed and more than 72 percent of them had employees who want to advance their education.



Surveyors play an integral role in developing society's infrastructure by establishing land boundaries, subdivision design, construction layout of roads highways, dams, utilities, topographic and aerial mapping while monitoring the earth's crustal movement and deformation.

With the help of a \$159,595 Workforce Development Training Fund industry sector grant, Idaho State University has taken a first step to remedy the situation by launching an initiative to build a fully online curriculum that either leads to a Land Survey Technician certification or can be used towards the degree program. This has been targeted to incumbent employees who work full time in many locations throughout the state.

Though ISU offers courses and even a bachelor's degree in its surveying and geomatics engineering technology program, it hasn't been accessible to individuals outside of the Pocatello area. ISU's program is the only ABET (Accreditation Board for Engineering and Technology)-accredited program in Idaho to offer these courses and is one of a few accredited four-year programs in the Pacific Northwest.

Faculty in ISU's surveying program and the civil engineering technology program are providing the online training. Licensed land surveyors serve as teaching consultants and mentors to provide on-site laboratory experiences for trainees across the state.

Eight surveying courses – 24 semester credits – available online prepares individuals to take the National Society of Professional Surveyors – Certified Survey Technician Level 1 exam. These courses provide the foundation for further certification and degree programs at ISU.

Grant funds have been used to develop instructional materials, assessments and learning activities along with updating the technologies necessary to make courses available online. In addition, \$50,000 was provided to the project by the Idaho Society of Professional Land Surveyors for recruiting to build up the numbers of students in this program to ensure that it will continue to produce surveying graduates to address the shortage of trained survey technicians and licensed surveyors.

Industry partners have provided resources, either cash match or in-kind contribution, and many have employees participating in the training. These partners include T-O Engineers, Keller Associates, J-U-B, and American Council of Engineering Companies of Idaho.

Region 6 – Eastern Idaho

College of Eastern Idaho, Cyber Security Program – Industry Sector Grant

Period of Performance: Aug. 31, 2018 to Aug. 30, 2020

Estimated Number of People Trained: 1,000+

Total Dollars Awarded: \$750,000

The College of Eastern Idaho is using a \$750,000 three-year Workforce Development Training Fund industry sector grant to help meet a critical need in the region for talented workers with cyber skills.



The funds are being used to set up and equip a dedicated cyber educational facility near CEI designed specifically to support multiple use cyber-related programs including cybersecurity, ethical hacking, computer network building and advanced computer training along with K-12 STEM outreach. All of these uses share the same needs for space, equipment, software and hardware that CEI did not have sufficient bandwidth to support.

The concentration of cyber related employers in the region is growing along with increasing demand for a cyber-skills talent pipeline at multiple levels of expertise. A consortium of government organizations and businesses are providing matching cash or in-kind support to deliver the training - Idaho National Laboratory, Department of National & Homeland Security, the FBI, Melaleuca and Bank of Idaho – and are all in need of such skills for their current and future workforce. All stand to benefit from a robust training program.



Students attend a Cyber Security Careers Awareness event as part of the K-12 STEM outreach efforts.

CEI’s outfitted facility set the stage for the other project component – training 1,000 individuals in cyber security and computer networking technology, thus expanding the educational opportunities in cyber careers including degree programs, technical certifications and public/private partnerships for customized training. CEI is providing the training through full-time and adjunct faculty representing employers in the region.

Besides CEI students, training is available to the public through open enrollment and to consortium partners and other regional employers by contract through CEI’s workforce training and continuing education program. CEI anticipates at least 400 individuals will earn certifications or credentials over the course of the three-year grant period. Training sessions include eight-week credit courses, alternated with workforce training boot camps and

certification courses. On-the-job structured training is part of the curriculum for most of the incumbent workers.

The first two rounds of training wrapped up in December 2019, with training sessions running through June 2022. The new training facility will host its first degree program classes beginning in January 2020.

As government and industry strive to address the full range of cyber threats and vulnerabilities, the demand for workers who can address these issues continues to grow. Data from the Idaho Department of Labor projects from 2018 data to 2026, the entire computer job market, including cybersecurity, is estimated to grow by 18 percent.

Grant Summaries



Active Contracts Calendar Year 2019 - January 1, 2019 - December 31, 2019								
Employer, Sector & Innovation Grants								
Type of Grant	Company Name	Start Date	End Date	Amount Awarded	Expenditures Through 2019	Balance	# of Trainees	Average Wage
Employer	Basic American Foods, Inc.	11/1/2018	10/31/2020	\$54,990.90	\$23,040.56	\$31,950.34	856	\$16.58
Employer	DA Glass	10/31/2018	10/30/2020	\$110,655.00	\$0.00	\$110,655.00	55	\$14.00
Employer	Fresh Air Manufacturing Co.	5/11/2016	12/31/2019	\$80,000.00	\$53,101.73	\$26,898.27	23	\$20.87
Employer	House of Design	8/15/2017	8/13/2020	\$99,983.56	\$21,702.53	\$78,281.03	34	\$31.78
Employer	NewCold	1/9/2019	1/8/2021	\$139,930.00	\$70,307.24	\$69,622.76	70	\$23.42
Employer	ON Semiconductor Comp	6/13/2017	6/12/2020	\$335,958.84	\$168,773.88	\$167,184.96	84	\$25.18
Employer	Plant Therapy	1/1/2019	12/31/2020	\$174,600.00	\$6,720.00	\$167,880.00	160	\$23.08
Employer	Simplot	12/1/2018	11/30/2020	\$552,438.00	\$43,931.96	\$508,506.04	490	\$35.11
Employer	Spudnik Equipment Company	6/1/2018	5/31/2020	\$158,271.25	\$92,608.58	\$65,662.67	270	\$15.36
Employer	Woodgrain Millwork	1/9/2019	12/31/2020	\$107,203.00	\$0.00	\$107,203.00	52	\$20.08
Employer	Unitech	4/1/2018	3/31/2020	\$822,337.00	\$448,155.00	\$374,182.00	421	\$14.47
Employer	Idaho Milk	2/1/2019	1/31/2021	\$110,987.75	\$73,247.32	\$37,740.43	37	\$18.50
Employer	Aviation Specialty Unlimited	2/1/2019	1/31/2021	\$60,138.03	\$13,813.06	\$46,324.97	20	\$24.47
Employer	Premier Technology, Inc.	6/14/2018	6/13/2020	\$423,690.00	\$170,039.13	\$253,650.87	254	\$18.35
Employer	Paylocity Corporation	1/1/2019	12/31/2020	\$231,884.00	\$129,437.56	\$102,446.44	116	\$27.84
Employer	Magic Valley Quality Milk	3/1/2019	2/28/2021	\$46,723.02	\$0.00	\$46,723.02	20	\$20.75
Employer	Bay Shore Systems	8/15/2019	8/14/2021	\$220,410.00	\$0.00	\$220,410.00	98	\$31.91
Sector	Cassia JSD #151	11/15/2017	11/14/2020	\$248,745.00	\$123,769.11	\$124,975.89	42	\$14.00
Sector	College of Eastern Idaho (CEI)-Nuclear	8/1/2018	7/31/2020	\$84,000.00	\$25,228.98	\$58,771.02	160	\$13.25
Sector	College of Eastern Idaho (CEI)-Welding	8/31/2018	8/30/2020	\$250,000.00	\$121,669.04	\$128,330.96	180	\$17.24
Sector	Idaho AGC	8/1/2018	7/31/2020	\$250,000.00	\$110,071.99	\$139,928.01	180	\$13.92
Sector	ISU Surveying	1/1/2019	12/31/2020	\$159,595.50	\$74,835.39	\$84,760.11	32	\$25.37
Sector	NIC - Health Careers	6/1/2018	6/30/2020	\$207,590.19	\$139,154.62	\$68,435.57	49	\$14.55
Sector	College of Eastern Idaho (CEI)-Cybersecurity	1/9/2019	1/8/2022	\$750,000.00	\$2,377.36	\$747,622.64	1000	\$20.32
Sector	University of Idaho - Co-op Program	5/1/2019	4/30/2022	\$419,622.50	\$0.00	\$419,622.50	80	\$38.46
Sector	Lewis Clark State College	10/1/2019	9/30/2022	\$750,000.00	\$0.00	\$750,000.00	250	
Sector	College of Southern Idaho (TeachForward)	9/1/2019	8/31/2022	\$1,114,424.70	\$0.00	\$1,114,424.70	830	\$19.95
Sector	Boise State University (Cyber)	11/15/2019	11/14/2022	\$833,958.00	\$0.00	\$833,958.00	200	\$39.00
Innovation	Clearwater County Problem Solving	6/1/2018	5/30/2020	\$7,418.25	\$894.68	\$6,523.57	30	\$17.25
Innovation	Idaho Digital Learning			\$25,000.00	\$0.00	\$25,000.00		
Innovation	City of Twin Falls	3/1/2019	2/28/2020	\$3,300.00	\$0.00	\$3,300.00	60	N/A
Innovation	Mountain Home Aviation Academy	TBD		\$24,200.00	\$0.00	\$24,200.00	8	N/A
Innovation	Sun Valley Culinary Institute	8/1/2019	7/31/2020	\$25,000.00	\$0.00	\$25,000.00	12	\$10.00
Innovation	St. Vincent de Paul	TBD		\$24,999.94	\$0.00	\$24,999.94	40	N/A
Innovation	CEI - GPS GIS	TBD		\$5,543.18	\$0.00	\$5,543.18	20	
Innovation	IACI	TBD		\$100,000.00	\$0.00	\$100,000.00	30	

Outreach Projects						
Type of Grant	Organization	Start Date	End Date	Amount Awarded	Expenditures Through 2019	Balance
Outreach	WDC - CTE Printing & Editing	1/1/2019	1/31/2020	\$25,000.00	\$10,207.97	\$14,792.03
Outreach	Lewis Clark State College	2/7/2019	2/6/2020	\$35,000.00	\$9,462.48	\$25,537.52
Outreach	WDC - Economic Development/WBL Outreach - FY19	3/6/2019	4/30/2020	\$30,300.00	\$4,552.55	\$25,747.45
Outreach	Idaho Career & Technical Education - REACH Scholarships	7/1/2019	10/31/2019	\$25,000.00	\$11,151.00	\$13,849.00
Outreach	WDC - Outreach/Marketing	5/1/2019	6/30/2020	\$125,000.00	\$0.00	\$125,000.00
Outreach	RISE	4/3/2019	4/2/2020	\$27,500.00	\$12,437.85	\$15,062.15
Outreach	Boise State Veterans	5/8/2019	5/7/2020	\$11,000.00	\$0.00	\$11,000.00
Outreach	Boise School District	7/8/2019	7/8/2020	\$14,733.70	\$0.00	\$14,733.70
Outreach	Next Steps	7/1/2019	6/30/2020	\$250,000.00	\$0.00	\$250,000.00
Outreach	WDC - Economic Development/WBL Outreach - FY20	9/1/2018	4/30/2019	\$15,000.00	\$0.00	\$15,000.00
Outreach	WDC - OSBE Adult Learner Campaign	TBD		\$80,000.00	\$0.00	\$80,000.00
Outreach	STEM Action Center	7/7/2019	7/7/2020	\$50,000.00	\$0.00	\$50,000.00
Outreach	WDC - Apprenticeship Outreach	9/4/2019	9/4/2020	\$4,750.00	\$0.00	\$4,750.00
Outreach	AFL-CIO	10/21/2019	6/30/2020	\$63,315.00	\$4,323.98	\$58,991.02
Outreach	Veterans	10/21/2019	10/20/2020	\$10,000.00	\$0.00	\$10,000.00
Outreach	CEDA	11/6/2019	4/1/2022	\$53,155.00	\$0.00	\$53,155.00
Outreach	WDC LEADER Portal Update	12/12/2019	6/30/2020	\$33,000.00	\$0.00	\$33,000.00

Completed Contracts in CY2019								
Type of Grant	Company Name	Start Date	End Date*	Amount Awarded	Expenditures Through 2019	Balance	# of Trainees	Average Wage
Employer	Orgill, Inc.	11/1/2016	10/31/2019	\$151,032.01	\$151,032.01	\$0.00	454	\$18.61
Employer	Paylocity Corporation	12/1/2015	11/30/2018	\$1,200,000.00	\$790,789.24	\$409,210.76	355	\$21.91
Employer	Diversified Fluid Solutions	1/1/2017	12/31/2019	\$308,949.44	\$308,949.44	\$0.00	152	\$22.87
Employer	CS Beef Packers, LLC.	10/1/2016	1/31/2019	\$1,099,935.00	\$1,099,935.00	\$0.00	1964	\$15.45
Employer	Sorrento Lactalis	7/1/2016	1/8/2019	\$282,926.58	\$0.00	\$282,926.58	0	\$0.00
Employer	Western States Equip Co	6/5/2017	6/4/2019	\$48,243.14	\$13,400.85	\$34,842.29	6	\$0.00
Employer	McCain Foods	8/13/2017	8/12/2019	\$2,500,000.00	\$2,500,000.00	\$0.00	429	\$20.82
Sector	College of Eastern Idaho (CEI)-Nursing	9/1/2017	8/31/2019	\$79,515.75	\$60,997.73	\$18,518.02	11	\$17.08
Sector	North Idaho College (Wood Products)	3/1/2017	6/30/2019	\$482,582.19	\$482,581.35	\$0.84	261	22.78
Innovation	Clearwater County CNA	9/17/2018	9/16/2019	\$10,481.10	\$10,040.55	\$440.55	15	N/A
Innovation	Franklin County LPN	8/20/2018	8/19/2019	\$25,000.00	\$21,615.13	\$3,384.87	4	N/A
Innovation	Lewiston ISD#1 - Pre- ENG.	7/1/2017	5/31/2019	\$25,000.00	\$25,000.00	\$0.00	42	N/A
Outreach	SWIMA	9/4/2019	9/4/2020	\$7,500.00	\$7,500.00	\$0.00	N/A	N/A
Outreach	STEM Action Center	1/10/2010	10/31/2019	\$50,000.00	\$50,000.00	\$0.00	N/A	N/A
Outreach	WDC - OSBE Adult Learner Campaign			\$123,000.00	\$123,000.00	\$0.00	N/A	N/A
Outreach	WDC - WBL Regional Summits Support			\$10,000.00	\$0.00	\$10,000.00	N/A	N/A
Outreach	Idaho Youth Ranch	3/6/2019	3/5/2020	\$26,292.00	\$26,292.00	\$0.00	N/A	N/A
Outreach	Silver Valley Economic Development	1/1/2019	6/30/2019	\$442.00	\$348.24	\$93.76	N/A	N/A

The Council champions strategies that prepare Idahoans for careers that meet employers' needs. Though the council does not have any pending legislation we support these initiatives, as well as policies that support college credit for work-based learning.

Our Kids, Idaho's Future (K-12 Task Force) Recommendations

- Statewide accountability focusing on K-3 literacy.
- Greater all-day kindergarten opportunities to support K-3 literacy and future student achievement.
- Building out and updating the career ladder salary allocation program to elevate the profession and retain effective educators.
- Addressing social and emotional issues to support student learning.
- Strategic alignment and increased flexibility in the K-12 funding formula.

Idaho State Board of Education:

- **Opportunity Scholarship:** The FY20 budget for Scholarships & Grants included \$7 million in additional one-time funding to increase the number of Opportunity Scholarship awards. As a result, nearly 2,200 additional Idahoans – including recent high school graduates and adult learners returning to school, received scholarships in fall 2019. Making the \$7 million one-time funds permanent by adding it to the FY21 scholarship base budget will provide more Idahoans the opportunity to earn professional certificates or college degrees and help meet the skilled workforce demands of our employers.
- **Cybersecurity Degree Collaboration:** \$1 million in one-time funds to develop a cybersecurity programs that will be offered jointly by Boise State University, Idaho State University, and the University of Idaho.

Idaho Department of Commerce:

- **Small Employer Incentive Act: Business Advantage (FY20 – Sunset Extension)** – allows tax credits for businesses that invest a minimum of \$500,000 in facilities and creates at least 10 new jobs averaging \$40,000 annually plus benefits. Offers both enhanced personal and real investment tax credits, high wage job credits, sales tax rebate on construction materials, and potential property tax exemption from the county. This incentive was created in 2005 and went through years of legislative amending it did not start being utilized until 2009. This incentive is due to sunset in 2020. Idaho Commerce is recommending that this incentive be extended until 2030.
- **State Broadband Office:** Establishes a State Broadband office to coordinate efforts throughout the state to ensure all areas are adequately served with broadband connectivity.

Idaho Department of Labor

- **Idaho Job Corps Demonstration Project:** (FY21 --\$6,700,000 Spending Authority) The Idaho Department of Labor will partner with the community colleges to serve 300 students annually across the state. Income-eligible youth, ages 16-24 will be connected to training and workplace opportunities that will provide the students skills training to prepare them for sustainable careers in Idaho. Students will receive training and access to wide variety of social services.

Idaho Career Technical Education

- **Maintenance Funding for Secondary CTE Programs:** (FY21 – \$400,000) – “Added-Cost” funds for equipment, supplies and teacher professional development are available to support regular enrollment growth in high school CTE programs.
- **CTE Facilities:** (\$6 million) in the capital budget for new CTE facilities at the College of Eastern Idaho, Lewis-Clark State College, and the Department of Juvenile Corrections.

STEM Action Center

- **Computer Science Initiative:** (\$500,000 ongoing) for the Computer Science education initiative (Idaho Code 33-1633 including educator professional development, camps, student competitions, and grants. As a national leader in Computer Science education, and in partnership with other state agencies, Idaho STEM Action Center will work collectively to build a workforce prepared to fill the growing number of Computer Science jobs available in Idaho.
- **Supplemental Spending Authority:** (\$1,000,000) The spending authority will allow the STEM Action Center to spend cash raised through grant writing and fundraising efforts.

State Department of Education

- **Teacher Compensation:** (\$30 million recommended by Governor) to extend the career ladder with an emphasis on improving pay for Idaho’s experienced and effective teachers. This request supports the direction of the Governor’s Task Force to enhance the career ladder. While the first five years of the career ladder focused on boosting pay for new and early career educators, more must be done to reward experienced teachers, recognizing their value and encouraging them to stay in Idaho schools despite higher pay in other states.
- **Literacy:** (\$26 million ongoing) to continue funding literacy intervention programs to support struggling readers. The funding will provide district’s with financial stability for literacy intervention programs in grades K-3.
- **Social/Emotional Training:** (\$1 million) to develop and implement social/emotional training for all educators and district staff to identify and better respond to students’ needs, including how to de-escalate unsafe situations and how to coordinate resources from state, local, and non-profit groups to provide “wraparound services.” Social-emotional learning is vital to helping children develop the self-awareness, problem-solving and impulse control needed to overcome challenges and thrive in school, work and community life.

Idaho Bureau of Occupational Licensing

We support IBOL’s efforts to streamline occupational licensing and reduce barriers to entry for licensed professions. Specifically:

Morticians: streamline and modernize the education and training requirements for a mortician license and a funeral director license, reducing barriers to entry.

AMENDED AGENDA #1
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE
1:30 P.M.
Room WW54
Tuesday, March 03, 2020

SUBJECT	DESCRIPTION	PRESENTER
MINUTES APPROVAL:	Minutes of February 25, 2020	Senator Burgoyne
<u>S 1372</u>	Relating to Fire Protection Districts	Senator Guthrie
<u>H 476</u>	Relating to Real Estate Brokers	Senator Bayer Representative Syme
<u>H 421</u>	Relating to Real Estate Appraisers	Scott Calhoun, Idaho Real Estate Appraiser Board
<u>H 423</u>	Relating to Athlete Agents	Rob McQuade, Legal Counsel, Idaho Bureau of Occupational Licenses
<u>H 424</u>	Relating to Barbers and Cosmetologists	Rob McQuade
<u>H 398</u>	Relating to the Idaho Elevator Safety Code Act	Gary Barnes, Industrial Safety Program Manager, Idaho Division of Building Safety Representative Raymond
<u>H 416</u>	Relating to Banks	Salvado Cruz, Senior Commissioned Financial Institutions Examiner, Idaho Department of Finance
<u>H 417</u>	Relating to Endowment Care Cemetery Act	Patty Highley, Senior Securities Analyst, Idaho Department of Finance
<u>H 418</u>	Relating to Uniform Securities Act	Patty Highley

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Patrick	Sen Thayn
Vice Chairman Agenbroad	Sen Souza
Sen Martin	Sen Ward-Engelking
Sen Lakey	Sen Burgoyne
Sen Guthrie	

COMMITTEE SECRETARY

Linda Kambeitz
Room: WW46
Phone: 332-1333
Email: scom@senate.idaho.gov

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Tuesday, March 03, 2020

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Agenbroad, Senators Martin, Lakey, Guthrie, Thayn, Souza, Ward-Engelking, and Burgoyne

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Patrick** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:30 p.m.

MINUTES APPROVAL: **Chairman Patrick** announced the minutes approval would be moved to a later time on the agenda.

S 1372 **Relating to Fire Protection Districts.** **Senator Guthrie** explained that currently Idaho Code provides opportunities for the creation and organization of fire districts. It further allows for consolidation, dissolution, inclusion, annexation, and withdrawal as changing conditions and growth patterns may dictate. **Senator Guthrie** outlined the process. He noted there was a local city that was served by a fire district near his home that indicated they would no longer provide fire services. At the time this legislation was not in place and there was no recourse for the city.

Senator Guthrie explained there would be no impact to the state General Fund. In the event a local fire district were to split, there could be a positive or negative fiscal impact that would be dependent on a case-by-case basis and impossible to quantify.

DISCUSSION: **Senator Souza** and **Senator Guthrie** discussed the cost of splitting a fire district and how that would have a bearing in the decision-making.

Senator Thayn and **Senator Guthrie** discussed there had to be an agreement by resolution with current Fire Protection District Board members before a public hearing could take place.

MOTION: **Senator Souza** moved to send **S 1372** to the floor with a **do pass** recommendation. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

H 476 **Relating to Real Estate Brokers.** **Senator Bayer** explained a section of code is eliminated which requires a broker's physical presence in the office at certain intervals. Brokers are required to properly supervise sales associates, regardless of location. Advances in technology have made it possible for brokers to supervise contracts electronically. The physical requirement created unnecessary restrictions for the business models of some brokerage companies. In order to protect the consumer in a real estate transaction, language was added to clarify the broker's responsibility to be reasonably available to answer questions and complaints.

Senator Bayer indicated there will be no fiscal impact to the General Fund or the Special Real Estate Account because adding clarification to the requirements does not compel additional action or create any new programs.

MOTION: **Senator Souza** moved to send **H 476** to the floor with a **do pass** recommendation. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

H 421 **Relating to Real Estate Appraisers.** **Scott Calhoun**, Idaho Real Estate Appraiser Board (IREAB), indicated this bill will remove from the discipline section the reference to the Uniform Standards of Professional Appraisal Practices (USPAP) regarding the terms "negligent" and "incompetent," since USPAP does not define those terms. The bill will also clarify that discipline from any state is grounds for the IREAB to deny an application for licensure and will codify that fees the IREAB receives will go into the occupational licenses account in the dedicated fund. In addition, this bill will remove the "good moral" character requirement as it relates to Appraisal Management Companies (AMCs) and require pertinent individuals to comply with the minimum federal regulations.

Mr. Calhoun noted there is no impact to the General Fund, because the IREAB operates solely on dedicated funds. There is no impact to the Idaho Bureau of Occupational Licenses (IBOL) dedicated fund since the proposed legislation will not alter the number of meetings held each year, require more services to be provided, or change any fee schedules.

DISCUSSION: **Senator Burgoyne** asked for clarification on the removal of the term "good moral character." **Mr. Calhoun** explained the federal requirements already refer to "good moral character" and the removal of this language was a compromise by the subcommittee of the IREAB to avoid redundancy and to comply with federal requirements. **Senator Burgoyne** queried if the legislation would allow flexibility to oversee the conduct of good moral character. **Mr. Calhoun** stated applicants have to go through a background check. He remarked the language was a good compromise for the licensure program in order to remain in compliance with federal requirements and to accommodate the needs of the Legislature.

A discussion ensued between **Senator Souza** and **Mr. Calhoun** relating to the lack of a definition for "negligent" and "incompetent" and agreed that information could be added at a later time.

MOTION: **Senator Burgoyne** moved to send **H 421** to the floor **without** recommendation. The motion died for lack of a second.

TESTIMONY: **Kelley Packer**, Director, IBOL, reported that during an audit the IREAB was advised to remove the words "good moral turpitude" from the statute for AMCs because they would have been out of compliance with federal law.

DISCUSSION: **Senator Burgoyne** remarked after hearing testimony, he was comfortable in voting.

MOTION: **Senator Burgoyne** moved to send **H 421** to the floor with a **do pass** recommendation. **Senator Guthrie** seconded the motion. The motion carried by **voice vote**.

H 423 **Relating to Athlete Agents.** **Rob McQuade**, Legal Counsel, Idaho Board of Occupational Licenses (IBOL), stated this bill is the result of the recommendations made in the report on the 2019 Licensing Freedom Act Executive Order. The amendments will remove the registration requirements and references to the IBOL, while leaving in place protections for student athletes and Idaho's education institutions. There are currently 33 actively registered athlete agents in Idaho, none of whom have an Idaho address. No disciplinary action has been pursued in the last five years and the IBOL has not denied issuance of a license. **Mr. McQuade** remarked all but one of those registered are also registered with a professional league players association, such as the National Football League Players Association or the Major League Baseball Players Association. If an agent who engages in unlawful conduct reflecting on his or her fitness to serve as an agent is subject to discipline by one of those associations, they would also be putting their

professional certification at risk. This legislation will leave in place the requirements for agents to protect student athletes and the Idaho colleges and universities they represent.

Mr. McQuade indicated there is no impact to the General Fund because this agency operates solely on dedicated funds. There is no impact to the IBOL dedicated fund since the proposed legislation will remove the administrative duties performed by the IBOL.

MOTION: **Senator Guthrie** moved to send **H 423** to the floor with a **do pass** recommendation. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: **Senator Burgoyne** moved to approve the Minutes of February 25, 2020. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

H 424 **Relating to Barbers and Cosmetologists.** **Rob McQuade**, Legal Counsel, Idaho Board of Occupational Licenses (IBOL), gave an overview of this legislation. He indicated this bill will streamline requirements by reducing redundancy, expand apprenticeship opportunities, and remove the haircutter license. This bill expands apprenticeships to the field of electrology. A charitable works exception is created and an exemption is added allowing visual arts participants to perform barber-styling or cosmetology services. This legislation removes the barrier that applicants submit a passport photo with their application. Language is removed for "good moral character" and replaced with more certain language.

Mr. McQuade indicated there is no impact to the General Fund because the IBOL operates solely on dedicated funds. There is no impact to the IBOL dedicated fund since the number of IBOL Board meetings held each year will not be altered, require more services to be provided by the IBOL Board, or change any fee schedules.

MOTION: **Senator Guthrie** moved to send **H 424** to the floor with a **do pass** recommendation. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

H 398 **Relating to the Idaho Elevator Safety Code Act.** **Representative Raymond** gave an overview and outlined the changes in the bill. He pointed out the legislation adopts standards necessary for effective enforcement of Idaho Code, Chapter 86, Title 39, including the American Society of Mechanical Engineers (ASME) A17.6 Standard for Elevator Suspension, Compensation, and Governor Systems; ASME A17.7 Performance-Based Safety Code for Elevators and Escalators; and ASME A17.8 Standard for Wind Turbine Tower Elevators. The ASME A17.6 Standard for Elevator Suspension, Compensation, and Governor Systems and ASME A17.7 Performance-Based Safety Code for Elevators and Escalators are standards that are included in rule but are not included in Idaho Code § 39-8614. **Representative Raymond** noted that without adoption of A17.8 Standard for Wind Turbine Tower Elevators, the state will not have standards to use in regulating these units. The original safety code A17.1 has become so large and complicated that codes A17.6, A17.7, and A17.8 have been broken out as "stand alone" safety codes for more clarity and understanding.

Representative Raymond stated language was deleted because it was very restrictive and prohibited the use of manufacturer's manuals and procedures guides, which should be the gold standard to understanding the workings of equipment being inspected.

Representative Raymond described the removal of the ASME 17.2 Guide for Inspection of Elevators, Escalators, and Moving Walks and the ASME Safety requirements for Personnel Hoists and Employee Elevators for Construction and Demolition of Operations from Idaho Code § 39-8614. This section requires compliance with the A17.2 Guide for the Inspection of Elevators, Escalators, and

Moving Walks. He said the ASME did not design the guide to have the force and effect of law and the guide should be used as a reference document instead. This standard is obsolete and the IDBS does not use this for enforcement. Safety requirements for temporary hoists and elevators were deleted because that is not under state purview. These particular pieces of equipment are by definition temporary and are under the Occupational Safety and Health Administration's oversight.

Representative Raymond stated the legislation clarifies the correct titles of several standards in Idaho Code § 39-8614 and the definition of a qualified elevator inspector in Idaho Code § 39-8603.

Representative Raymond indicated this legislation will not have a fiscal impact on any General or federal funds or the Idaho Elevator Safety Fund because this legislation only clarifies and simplifies Idaho Code Chapter 86, Title 39, and adopts standards that are substantially similar to those that previously applied.

DISCUSSION: A discussion ensued among Committee members regarding how a wind turbine works with an elevator.

TESTIMONY: **Gary Barnes**, Industrial Safety Program Manager, Idaho Division of Building Safety (IDBS), explained that a wind turbine generates power, which is then sent to a transformer. Power has to be generated from other turbines on the grid so no elevator would malfunction.

MOTION: **Vice Chairman Agenbroad** moved to send **H 398** to the floor with a **do pass** recommendation. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

H 416 **Relating to Banks.** **Salvador Cruz**, Senior Commissioned Financial Institutions Examiner, Idaho Department of Finance (IDOF), indicated the purpose of this legislation is to amend a provision to allow banks to act as a custodian or fiduciary for the purpose of offering tax-advantaged savings plans. The amendment will clarify the authority of banks to offer all tax-advantaged savings plans qualified under the Internal Revenue Code and the Idaho Income Tax Act (IITA), and clarify that banks may act as a fiduciary for the limited purpose of tax-advantaged savings plans specified by the IITA.

Mr. Cruz noted there will be no fiscal impact to the IDOF State Regulatory Fund. The provisions of this legislation will require no additional resources of the IDOF and will have no impact on IDOF revenues.

MOTION: **Senator Thayn** moved to send **H 416** to the floor with a **do pass** recommendation. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.

H 417 **Relating to Endowment Care Cemetery Act.** **Patty Highley**, Senior Securities Analyst, Idaho Department of Finance (IDOF), indicated the purpose of this legislation is to amend the Idaho Endowment Care Cemetery Act of 1963 to include the currently required fee of \$150 for registration and annual renewal of endowment care cemeteries. There is no fiscal impact to the IDOF Regulatory Fund associated with this proposed legislation. The provisions of this proposed legislation fix the amount of an existing fee, which was formerly set by rule. The legislation does not require additional resources of the IDOF and will have no impact on IDOF revenues.

MOTION: **Senator Burgoyne** moved to send **H 417** to the floor with a **do pass** recommendation. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.

H 418

Relating to Uniform Securities Act. **Patty Highley**, Senior Securities Analyst, Idaho Department of Finance (IDOF), reported the purpose of the legislation is to update regulations to the Securities Exchange Act (SEA) of 1934, the Securities Act (SA) of 1933, and the Investment Advisers Act (IAA) of 1940. Limitations are addressed to state authority under the SEA of 1934 and the IAA of 1940, and exemptions from agent registration for federal covered securities under the SA of 1933. There is no fiscal impact to the IDOF Regulatory Fund associated with this proposed legislation. The provisions of this proposed legislation fix the amount of an existing fee, which was formerly set by rule. The legislation does not require additional resources of the IDOF and will have no impact on IDOF revenues.

DISCUSSION: **Senator Burgoyne** asked if the changes were done because of federal law or to reference different sections of law. **Ms. Highley** responded the federal government has renumbered and reclassified regulation offerings and that is why the changes were made in the statute.

MOTION: **Senator Burgoyne** moved to send **H 418** to the floor with a **do pass** recommendation. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:22 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary

AMENDED AGENDA #2
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE
1:30 P.M.
Room WW54
Thursday, March 05, 2020

SUBJECT	DESCRIPTION	PRESENTER
MINUTES APPROVAL:	Minutes of February 27, 2020	Vice Chairman Agenbroad
<u>H 420</u>	Relating to Contractor Registration	Sean Schupack, Idaho Associated General Contractors
<u>H 419</u>	Relating to Morticians, Funeral Directors, and Embalmers	Steve Gordon, Idaho Board of Morticians
<u>H 422</u>	Relating to Driving Businesses	Rob McQuade, Legal Counsel, Idaho Bureau of Occupational Licenses
<u>H 526</u>	Relating to Insurance - Standards for Annuity Sales and Advertising	Dean Cameron, Director, Idaho Department of Insurance
<u>H 529</u>	Relating to Parties to Action	Benn Brocksome, American Institute of Architects, Idaho Representative Ellis
<u>H 503</u>	Relating to Homeowner's Associations	Representative Troy
<u>H 473</u>	Relating to the Idaho Credit Union Act	Richard Sherrick, Sr. Commissioned Financial Institution Examiner, Idaho Department of Finance
GUBERNATORIAL REAPPOINTMENT & VOTE:	Committee Consideration of the Gubernatorial Reappointment of Terry Gestrin, State Insurance Fund Board	Representative Gestrin
GUBERNATORIAL APPOINTMENT & VOTE:	Committee Consideration of the Gubernatorial Appointment of Keith Reynolds, Director, Department of Administration	Keith Reynolds

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Patrick
Vice Chairman Agenbroad
Sen Martin
Sen Lakey
Sen Guthrie

Sen Thayn
Sen Souza
Sen Ward-Engelking
Sen Burgoyne

COMMITTEE SECRETARY

Linda Kambeitz
Room: WW46
Phone: 332-1333
Email: scom@senate.idaho.gov

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Thursday, March 05, 2020

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Agenbroad, Senators Martin, Lakey, Guthrie, Thayn, Souza, Ward-Engelking, and Burgoyne

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Patrick** called the Senate Commerce and Human Resources Committee (Committee) to order at 1:30 p.m.

MINUTES APPROVAL: **Vice Chairman Agenbroad** moved to approve the Minutes of February 27, 2020. **Senator Souza** seconded the motion. The motion carried by **voice vote**.

H 420 **Relating to Contractor Registration.** **Sean Schupack**, Director of Public Policy, Idaho Associated General Contractors (IAGC), indicated this legislation will allow registered contractors the option to place registration on inactive status, thus relieving the registrant from the requirement to maintain insurance during this period. The legislation would require a registrant to provide proof of current insurance to return to active status. Additionally, the removal from the grounds for discipline of gross negligence and reckless conduct intends to eliminate a provision which is difficult, costly to establish, and costly to enforce.

Mr. Schupack noted this legislation should diminish overall costs to the IAGC Board by a reduction in discipline cases.

Mr. Shupack noted there is no impact to the General Fund because the IAGC Board operates solely on dedicated funds. There is no increase to the Idaho Bureau of Occupational Licenses (IBOL) dedicated fund since the proposed legislation will not alter the number of board meetings held each year, require more services be provided to the IBOL Board, or change any fee schedules.

MOTION: **Senator Souza** moved to send **H 420** to the floor with a **do pass** recommendation. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote** with **Senator Burgoyne** requesting he be recorded voting nay.

H 419 **Relating to Morticians, Funeral Directors, and Embalmers.** **Steve Gordon**, Idaho Board of Morticians (IBM), outlined the provisions in this legislation. He noted this bill proposes to remove the secretary position from IBM as it is outdated, to fully merge fee setting authority into IBM rule, and to add failed inspections as a potential ground for discipline. He noted the IBM proposes to amend the education requirements for a mortician's license and move from a set number of credit hours plus an embalming course to an associate degree from an accredited mortuary school. This change will reflect the modern education for mortuary science, since the only place an embalming course is now offered is at a mortuary school. **Mr. Gordon** reported that additionally, the IBM proposes to reduce the number of education credits required from 60 semester hours to 45 semester hours. This change is being made to align with the actual education requirements needed to perform the duties of a funeral director and to further reduce a barrier to entry into

the field.

Mr. Gordon added the proposal includes moving the individual licensing requirement for a certificate authority from individuals to establishments with the resident mortician being responsible for the certificate. Currently, if an establishment loses their resident mortician, the law calls for the immediate cancellation of their license, unless the establishment meets one very specific criteria. This bill will create a 90-day grace period to find a replacement, with the ability to have that time extended for good cause by the IBM.

Mr. Gordon remarked the vague term "crime involving moral turpitude" would be removed and replaced with "a crime that reflects upon the qualifications, functions, or duties of the respective license." Additionally, this bill changes the certificate of authority so rather than individuals holding the certificate of authority, funeral establishments will become the holders. Moving the license from individuals to establishments makes it easier on consumers, because when the time comes to utilize the pre-paid services, clients are looking for the funeral establishment. Long-term record keeping is made easier for licensees and establishments, and it is easier to comply with the required annual audit.

Mr. Gordon stated there is no impact to the General Fund because the IBM operates solely on dedicated funds. There is no impact to the IBOL dedicated fund since the proposed legislation will not alter the number of board meetings held each year, require more services be provided to the IBOL, or change any fee schedules.

DISCUSSION: **Senator Martin** and **Mr. Gordon** discussed the location of the nearest colleges and on-line courses.

Senator Souza asked for clarification as to who would actually hold the license. **Mr. Gordon** explained the funeral home is responsible for keeping the funds and implementing the funeral plans. In response to a question from Senator Souza about who was notified about the changes, **Mr. Gordon** stated the IBM notified stakeholders and has not had any opposition.

TESTIMONY: **Kelley Packer**, Director, IBOL, stated notifications were sent out, there was input from the IBM, and there was no opposition.

DISCUSSION: **Senator Burgoyne** referred to the changes in the bill on page 5 and queried what would be lost by not having a full-time licensed mortician after the 90-day period. **Mr. Gordon** replied the actual resident mortician is responsible for the daily operation of the funeral home. If the resident mortician leaves, it is necessary for someone to be at the funeral home as the resident mortician. **Senator Burgoyne** and **Mr. Gordon** discussed how the public is protected and that the resident mortician also has the overall responsibility, including recordkeeping.

MOTION: **Senator Guthrie** moved to send **H 419** to the floor with a **do pass** recommendation. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

H 422

Relating to Driving Businesses. Rob McQuade, Legal Counsel, Idaho Bureau of Occupational Licenses (IBOL), indicated this is an overall cleanup bill of the State Driving Businesses Licensure Board Enabling Act. The amendments include clarifying the definition of a driving business, modifying the qualifications for the public board member, moving the fees to administrative rule, and clarifying insurance requirements to commercial automobile insurance. **Mr. McQuade** noted the proposed legislation would reduce the apprenticeship training hour requirement to qualify for driving business instructor licensure from 60 to 30 hours of classroom instruction and from 108 to 50 hours of behind-the-wheel training. The bill also includes amendments to reduce duplicative language.

Mr. McQuade stated there is no impact to the General Fund, because the IBOL operates solely on dedicated funds. There is no impact to the IBOL dedicated fund since the proposed legislation will not alter the number of board meetings held each year, require more services be provided to the IBOL Board, or change any fee schedules.

TESTIMONY: **Lisa Brady**, President, Treasure Valley Cycling Alliance Board, testified in opposition to the bill. She asked to have the bill amended to reflect 105 hours of training instead of what was recommended in the bill.

DISCUSSION: A discussion ensued among the Committee members about the comparison of non-public school driving teachers versus public school driving teachers, the extent of education, high accident rates among teenagers, the source of the 105 hours of training, and what the surrounding states require for driving instructors.

TESTIMONY: **Matthew Conde**, American Automobile Association (AAA), testified in opposition to the bill. He asked to have the bill amended to reflect 105 hours of training instead of the proposed 80 hours.

DISCUSSION: **Mr. McQuade** commented the numbers are not about the amount of hours Idaho students have on the road. The number of hours required in this bill is what apprentices must have in order to teach. He noted this is for an apprenticeship program.

Senator Thayne and **Mr. McQuade** discussed that the fees would be set in administrative rule for uniformity.

Senator Souza asked about the origin of the 30 hours of classroom training and the 50 hours of driving requirements. **Mr. McQuade** indicated the IBOL looked at surrounding state requirements and data from Northwest Nazarene University (NNU), and noted that benefits of instruction are lost after 30 hours in the classroom.

Senator Burgoyne expounded on the idea of negligence and commented that would be a good reason not to adhere to the 80-hour requirement, but rather to require 105 hours.

MOTION: **Senator Burgoyne** moved to send **H 422** to the 14th Order of Business for possible amendment. **Senator Ward-Engelking** seconded the motion.

DISCUSSION: **Senator Guthrie** and **Mr. McQuade** discussed the requirements in public schools for driver training instructors.

SUBSTITUTE MOTION: **Senator Guthrie** moved to send **H 422** to the floor with a **do pass** recommendation. **Senator Lakey** seconded the motion.

DISCUSSION: **Senator Ward-Engelking** noted teachers have had hundreds of hours of preparation and this is not an even comparison. Educators do not need more classroom experience as they have already had that training.

ROLL CALL VOTE: **Chairman Patrick** called for a roll call vote on the substitute motion. **Senators Martin, Lakey, Guthrie, Thayn, Souza, Chairman Patrick, and Vice Chairman Agenbroad** voted aye. **Senators Ward-Engelking and Burgoyne** voted nay. The motion carried.

H 526 **Relating to Insurance - Standards for Annuity Sales and Advertising.** **Dean Cameron**, Director, Idaho Department of Insurance (IDOI), reported this legislation only applies to indexed annuities. The agent is also asked to maintain disclosure records for a time certain and asks insurance companies to surrender charges over a ten-year period. The director of the IDOI would create the disclosure form.

Director Cameron noted there is no fiscal impact to the General Fund because the IDOI operates solely on dedicated funds.

Director Cameron noted the disclosure form must be approved and delivered at the time of sale and upon delivery of the annuity.

DISCUSSION: **Senator Lakey** and **Mr. Cameron** discussed the surrender portion of the bill and that 10 years and 10 percent is an average. **Mr. Cameron** noted additional benefits are offered and some carriers have expanded surrender penalties for as long as 20 years, with hefty back out fees for consumers. Many abuses are seen with senior citizens.

Senator Burgoyne and **Mr. Cameron** discussed the delivery of the disclosure document and that it took effect when the product was delivered to the consumer.

TESTIMONY: **David Petso**, Petso Financial, testified in support of the bill. He reported there are abuses relating to indexed annuities, as well as false advertising. He commented he has a fiduciary responsibility to clients.

MOTION: **Senator Martin** moved to send **H 526** to the floor with a **do pass** recommendation. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

H 529 **Relating to Parties to Action.** **Benn Brocksome**, American Institute of Architects, noted the purpose of this legislation is to ensure architects, engineers, and contractors who are called upon to volunteer during a declared emergency are able to do so with limited liability for their volunteer services.

Mr. Brocksome indicated because this bill provides limited liability protection to volunteers for their services, it does not impact the General Fund or other local taxing districts. He noted Representative Ellis was the author of this bill.

DISCUSSION: **Representative Ellis** stated restoration of services and healing of the community in the wake of a disaster is important. **Senator Souza** remarked architects, engineers, and contractors who volunteer are not paid.

Representative Ellis and **Senator Thayn** discussed the impact of coverage for someone coming from another state to volunteer, what other states offer, and that this bill puts Idaho residents on an even footing to volunteer.

Senator Guthrie and **Representative Ellis** discussed that a volunteer structural engineer would be immune after moving a bridge if the bridge collapsed.

MOTION: **Senator Ward-Engelking** moved to send **H 529** to the floor with a **do pass** recommendation. **Senator Souza** seconded the motion.

DISCUSSION: **Senator Burgoyne** noted he did not support this bill due to the liability involved.

Senator Guthrie spoke in support of the bill indicating there is still a level of responsibility for a volunteer. **Senator Souza** and **Vice Chairman Agenbroad** spoke in support of the bill.

VOICE VOTE: The motion to send **H 529** to the floor with a **do pass** recommendation carried by **voice vote** with **Senator Burgoyne** requesting he be recorded as voting nay.

H 503 **Relating to Homeowner's Associations (HOAs).** **Representative Troy** outlined the provisions of the bill. She stated that no HOA may enforce, add or amend any covenant, condition, or restriction that prohibits displaying a political sign. The term "political sign" is defined in the legislation. HOAs may still adopt reasonable rules that regulate the time, size, place, number, and manner of displaying a political sign. HOAs must give property owners three-days notice before removing a political sign and/or imposing a fine or penalty. **Representative Troy** indicated the legislation also provides for the ability of homeowners to install a flagpole of a certain height, to display select flags, including the United States, Idaho, Prisoner of War (POW), or any branch of the armed forces.

Representative Troy noted this legislation has no fiscal impact to the General Fund, other state funds, or any local government budgets. The cost associated with the bill would have a negligible impact on HOAs.

MOTION: **Senator Souza** moved to send **H 503** to the floor with a **do pass** recommendation. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

H 473 **Relating to the Idaho Credit Union Act.** **Richard Sherrick**, Senior Commissioned Financial Institution Examiner, Idaho Department of Finance (IDOF), outlined the legislation and the proposed amendments. **Mr. Sherrick** noted the purpose of this legislation is to grant authority to the director of the IDOF to issue enforcement actions directly to a credit union, provide for confidentiality of examination reports and other confidential information, and authorize credit unions to act as a custodian or fiduciary for tax-advantaged savings plans. He indicated the IDOF worked with the Northwest Credit Union Association (NWCUA), which is the advocacy organization for Idaho credit unions. The proposals contained within this bill are the result of the IDOF and industry's good faith efforts to modernize the regulatory framework and to ensure that the IDOF meets accreditation standards.

Mr. Sherrick indicated there will be no fiscal impact to the IDOF State Regulatory Fund associated with this proposed legislation. The provisions specifically related to enforcement powers of state-chartered credit unions will require no additional resources of the IDOF and will have no impact on IDOF revenues.

DISCUSSION: **Vice Chairman Agenbroad** and **Mr. Sherrick** discussed that this bill makes the credit unions more consistent with the banks.

TESTIMONY: **Emily Hunter**, NWCUA, testified in support of this bill stating it is balanced and provides regulatory relief.

MOTION: **Senator Ward-Engelking** moved to send **H 473** to the floor with a **do pass** recommendation. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:59 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary

AMENDED AGENDA #1
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE
1:00 P.M.
Room WW54
Tuesday, March 10, 2020

SUBJECT	DESCRIPTION	PRESENTER
	NOTE START TIME IS AT 1:00 P.M.	
MINUTES APPROVAL:	Minutes of March 3, 2020 Minutes of March 5, 2020	Senator Martin Senator Guthrie
GUBERNATORIAL REAPPOINTMENT & VOTE:	Committee Consideration of the Gubernatorial Reappointment of Terry Gestrin, State Insurance Fund Board	Representative Gestrin
GUBERNATORIAL APPOINTMENT & VOTE:	Committee Consideration of the Gubernatorial Appointment of Keith Reynolds, Director, Department of Administration	Keith Reynolds
GUBERNATORIAL APPOINTMENT & VOTE:	Committee Consideration of the Gubernatorial Appointment of Carolyn Lodge, Idaho Health Insurance Exchange Board	Carolyn Lodge
H 594	Relating to Leases	Representative Rubel
PRESENTATION:	Presentation Relating to Broadband Efforts	Tom Kealey, Director, Idaho Department of Commerce

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Patrick	Sen Thayn
Vice Chairman Agenbroad	Sen Souza
Sen Martin	Sen Ward-Engelking
Sen Lakey	Sen Burgoyne
Sen Guthrie	

COMMITTEE SECRETARY

Linda Kambeitz
Room: WW46
Phone: 332-1333
Email: scom@senate.idaho.gov

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Tuesday, March 10, 2020

TIME: 1:00 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Agenbroad, Senators Martin, Lakey, Guthrie, Thayn, Ward-Engelking, and Shank (Burgoyne)

ABSENT/ EXCUSED: Senator Souza

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Patrick** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:00 p.m.

MINUTES APPROVAL: **Senator Martin** moved to approve the Minutes of March 3, 2020. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.

Senator Guthrie moved to approve the Minutes of March 5, 2020. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

GUBERNATORIAL REAPPOINTMENT: **Committee Consideration of the Gubernatorial Reappointment of Terry Gestrin, State Insurance Fund Board (SIFB)** of Donnelly, Idaho, term commencing January 7, 2019 and expiring December 1, 2023. **Mr. Gestrin** gave a brief overview of his background and his years of service.

DISCUSSION: When asked by Chairman Patrick, **Mr. Gestrin** indicated he wanted to continue on the SIFB to promote steady, solid, and adequately funded premiums. He noted he found the job interesting.

MOTION: **Senator Thayn** moved to send the Gubernatorial reappointment of **Terry Gestrin** to the State Insurance Fund Board to the floor with the recommendation that he be confirmed by the Senate. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

GUBERNATORIAL APPOINTMENT: **Committee Consideration of the Gubernatorial Appointment of Keith Reynolds, Director, Idaho Department of Administration (IDOA)**, of Garden City, Idaho, term commencing February 12, 2020 and serving at the pleasure of the Governor. **Mr. Reynolds** gave an overview of his background and his job history. He described how he became involved with the IDOA. **Mr. Reynolds** noted he liked what he was doing at the IDOA, including working with personnel and lawmakers. He stated he was very grateful for the opportunity to be the Director and he wanted to build on success.

DISCUSSION: In response to a question by Senator Martin, **Mr. Reynolds** outlined the short-term and long-term plans for the IDOA. **Senator Lakey** and **Mr. Reynolds** discussed the long-term goal to become self-insured.

MOTION: **Senator Martin** moved to send the Gubernatorial reappointment of **Keith Reynolds** as Director of the Idaho Department of Administration to the floor with the recommendation that he be confirmed by the Senate. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

GUBERNATORIAL APPOINTMENT:

Committee Consideration of the Gubernatorial Appointment of Carolyn Lodge, Idaho Health Insurance Exchange Board (IHIEB), of Boise, Idaho, term commencing April 4, 2019 and expiring April 4, 2023. **Ms. Lodge** gave a brief overview of her background. She mentioned she was a co-owner of a local marketing agency and she would apply her experience as an IHIEB member.

MOTION:

Vice Chairman Agenbroad moved to send the Gubernatorial appointment of **Carolyn Lodge** to the Idaho Health Insurance Exchange Board to the floor with the recommendation that she be confirmed by the Senate. **Senator Thayne** seconded the motion. The motion carried by **voice vote**.

H 594

Relating to Leases. Representative Wagoner presented in the place of Representative Rubel. He outlined the provisions in the bill. He noted this legislation amends Idaho Code § 55-307, to require that for residential properties, landlords provide at least 30-days written notice if the landlord is raising rent or intends not to renew the lease. **Representative Wagoner** reported this legislation will have no impact on the General Fund or any county or other governmental fund, as it applies to private actors and does not require any outlay of public funds.

TESTIMONY:

Representative Rubel remarked after months of work there was widespread support for this bill. She stated there are too many landlords who have taken advantage of short notice to increase rent or to ask a tenant to vacate. She noted letters of support were from: 1.) the Idaho Apartment Association; 2.) the Idaho Rental Owners and Managers Association; 3.) Disability Rights, Idaho; 4.) Saint Alphonsus; 5.) United Way of Treasure Valley; 6.) Boise City/Ada County Housing Authorities; 7.) Idaho Primary Care Association; 8.) Idaho Voices for Children; 9.) American Association of Retired Persons (AARP) Idaho; and 9.) the Intermountain Fair Housing Council.

DISCUSSION:

Senator Guthrie and **Representative Rubel** discussed the definition of "written notice" and the consequences if a landlord did not comply. They also discussed how this bill puts the landlord on notice.

Senator Shank asked for an explanation of the 30-day limit because he said it is already difficult to find a place to rent within 30 days. **Representative Rubel** explained a compromise had to be reached with stakeholders and it was important to arrive at a consensus. Originally, a longer time limit was proposed.

MOTION:

Senator Ward-Engelking moved to send **H 594** to the floor with a **do pass** recommendation. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.

PRESENTATION:

Presentation Relating to Broadband Efforts. Tom Kealey, Director, Idaho Department of Commerce (IDOC), gave a PowerPoint presentation (Attachment 1) relating to the IDOC outlining the powers, duties, and responsibilities. **Mr. Kealey** pointed out the many variables that influence commerce, but that the IDOC has been doing well receiving high marks on many measures. He noted the IDOC assists existing businesses in Idaho with more economic development and higher paying jobs. Smaller businesses and rural communities across Idaho are also assisted by receiving various federal matching grants at almost \$8 million per year.

Mr. Kealey reported the IDOC Business Attraction Team is aggressive with potential new leads across Idaho. He said the IDOC has only two incentive tools. He noted the Small Business Advantage incentive will sunset in 2020, but needs to pass a Senate committee for a 10-year extension. The Tax

Reimbursement Incentive (TRI) was new in fiscal year 2015.

Mr. Kealey described the State Trade Expansion Program (STEP) which actively assists Idaho companies with foreign trade and secures federal funds. The IDOC team covers the state for tourism along with regional economic professions. Tourism is Idaho's third largest industry and continues to grow rapidly.

Mr. Reynolds, Administrator, Business Development and Operations, IDOC, gave an update on block grants, the international trade group, supply chain issues, and the State Trade Expansion Program (Attachment 1).

DISCUSSION:

Vice Chairman Agenbroad asked why businesses leave the state. **Mr. Reynolds** stated businesses leave for a variety of reasons. Sometimes it is the supply chain or transportation, or for a personal reason. At times companies are acquired and have to move away.

Senator Shank noted Albertsons was talking about going public and asked what effect that would have on commerce. **Mr. Reynolds** stated he has had conversations with Albertsons in the past, but not on that issue.

Senator Guthrie and **Mr. Reynolds** discussed how to reconcile the growing population and how it is factored into the IDOC's program. **Mr. Reynolds** remarked the IDOC was trying to be responsible in identifying which companies would receive a grant.

Mr. Kealey pointed out to remain competitive and to grow, IDOC emphasizes innovation and research for a strong state economy. Growth opportunities are in traditional industries as well as new ones in energy, digital economy, and healthcare. He mentioned a new, robust nuclear industry is near term. Planning is underway across the state. High speed broadband service is a prerequisite for growth and sustainable for small and rural communities. A Broadband Task Force was established last year. The efforts to secure federal funding are important activities supported by the Legislature, Governor, and the IDOC.

Mr. Kealey stated growth in the state is strong and accommodating that growth is a challenge.

Vice Chairman Agenbroad remarked he was intrigued by the installation of data centers. He queried what role would data centers play in broadband efforts. **Mr. Kealey** noted data centers were located near a major trunk line with proximity to existing employment areas.

ADJOURNED:

There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:09 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary

IDAHO COMMERCE



Tom Kealey

Director – Idaho Commerce

**Senate Commerce & Human
Resources Committee**

March 10, 2020

Attachment 1 March 10, 2020

Idaho Commerce Powers & Duties

- 67-4703. POWERS AND DUTIES. The department of commerce shall have the power and it shall be its duty to engage in advertising the state of Idaho, its resources, both developed and undeveloped, its tourist resources and attractions, its agricultural, mining, lumbering and manufacturing resources, its health conditions and advantages, its scenic beauty and its other attractions and advantages; and in general either directly, indirectly or by contract do anything and take any action which will promote and advertise the resources and products of the state of Idaho, develop its resources and industries, promote tourist travel to and within the state of Idaho, and further the welfare and prosperity of its citizens.

State Government and State Affairs – Chapter 47 – Department of Commerce – 67-4703, added 1955



Idaho Commerce Responsibilities

- Survey and investigate the social, economic and physical resources.
- Prepare a comprehensive economic development strategy.
- Develop and promote a comprehensive international marketing plan
- Promote Idaho tourism, travel and convention industry
- Promote innovation and technological improvements for commerce
- Contract with universities, consultants and other private and public agencies
- Assist councils, commissions, and other partnerships for economic growth
- Enter into agreements with other agencies in developing economic and community plans and programs.
- Seek funds and incentives to accomplish Commerce Department's mission
- Compile and disseminate reliable data to attract people and capital
- Keep records, report and present L-T plans to Governor and Legislature
- Coordinate with local, state, federal and private agencies to promote Idaho

Idaho is Flying High

- 1st** in growth in travel \$\$ and jobs.
- 1st** Least Regulated State in U.S.
- 3rd** in community well being.
- 3rd** state people are moving to.
- 4th** in the nation for job growth.
- 4th** lowest energy costs.
- 5th** most innovative metro area (TV)
- 8th** most tax-friendly state.



Idaho Economic Development

\$66.28 BILLION
GDP

833,350

Total Employment
Estimated for 2018

5 Year Program Impacts

Top Emerging Industries



Electrical Equipment Manufacturing
Includes Appliances & Components



Information Services



Beverage Manufacturing



Data Processing & Hosting



Advanced Manufacturing

5-Year Historic
Job Growth



18% 10yr Forecasted
Job Growth

\$41,312 Average
Wage
(in 2017)

Top Traditional Industries



Food Manufacturing



Support Activities for Agriculture



Electronic Product Manufacturing
Includes Computers



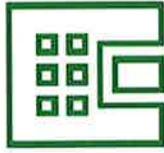
Wood Product Manufacturing



Mining



9,226
Jobs



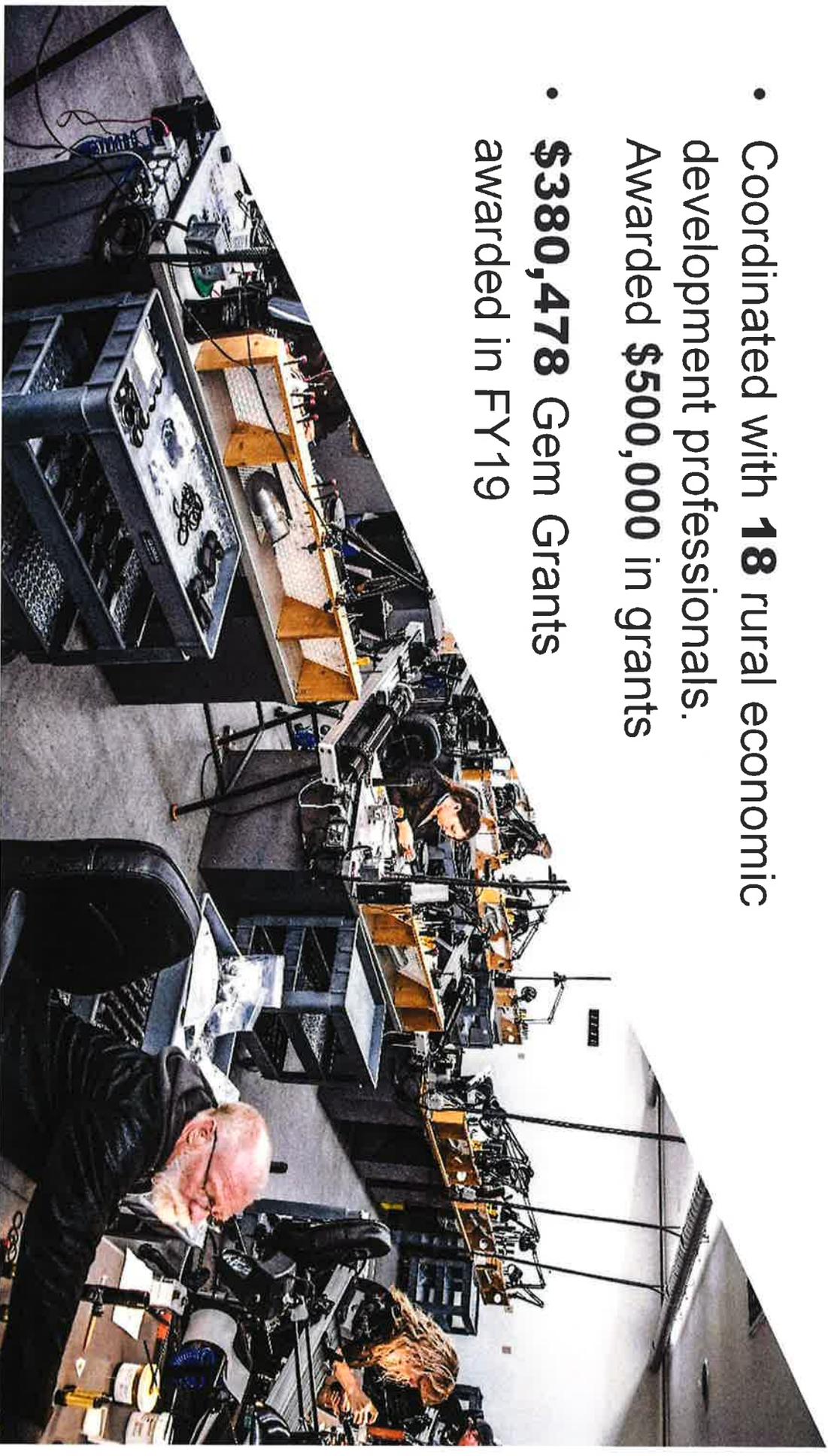
\$45.5M
Infrastructure



\$1.6B
Cap Ex

Business Retention

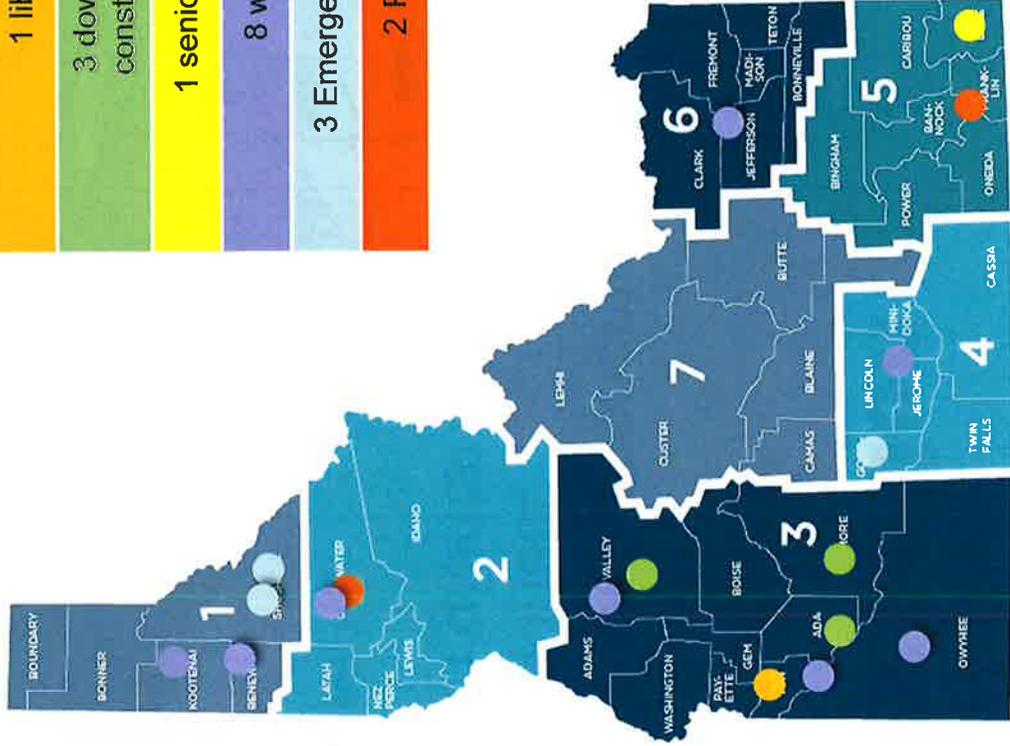
- Over **717** visits in FY19
- Coordinated with **18** rural economic development professionals. Awarded **\$500,000** in grants
- **\$380,478** Gem Grants awarded in FY19



Community Development Grants

Overview (2019):

- Awarded **\$8,156,250** via Community Development Block Grants (Federal)
- Awarded **\$300,000** via Rural Community Development Block Grants (State)



Business Attraction

Overview (2019):

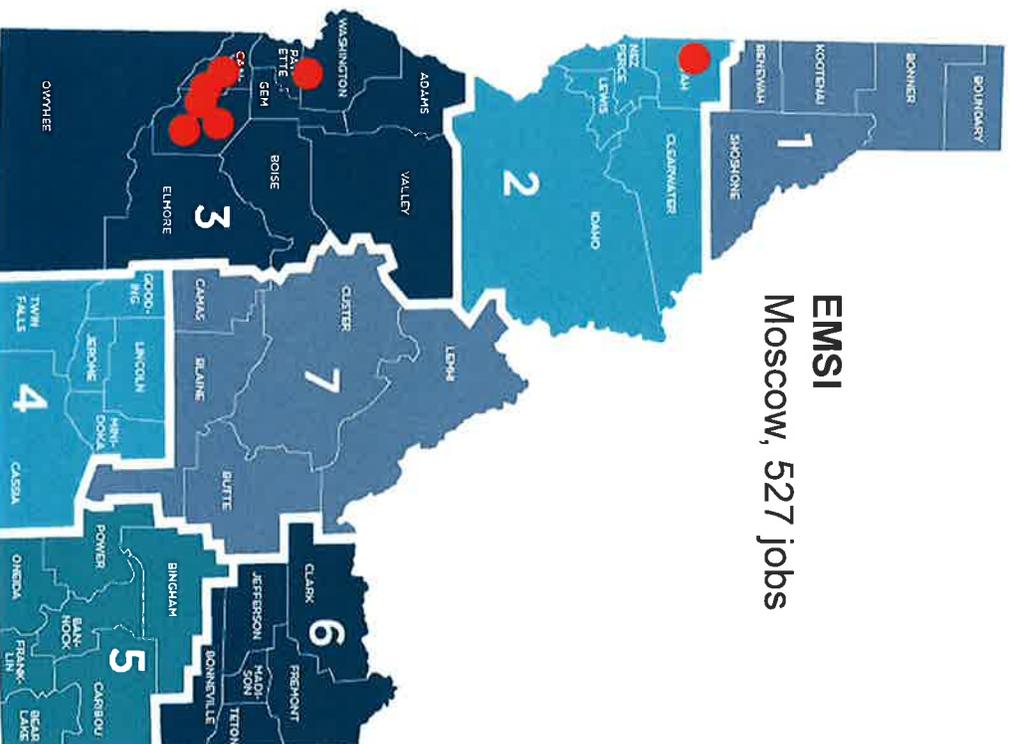
- **111** Attraction Leads
- **7** Announced projects
- **1,258** Jobs

AFC Finishing
Weiser, 47 jobs

Autovoi
Nampa, 349 jobs

CTX Inc.
Nampa, 85 jobs

Guidant Financial
Boise Valley, 102 jobs



EMSI
Moscow, 527 jobs

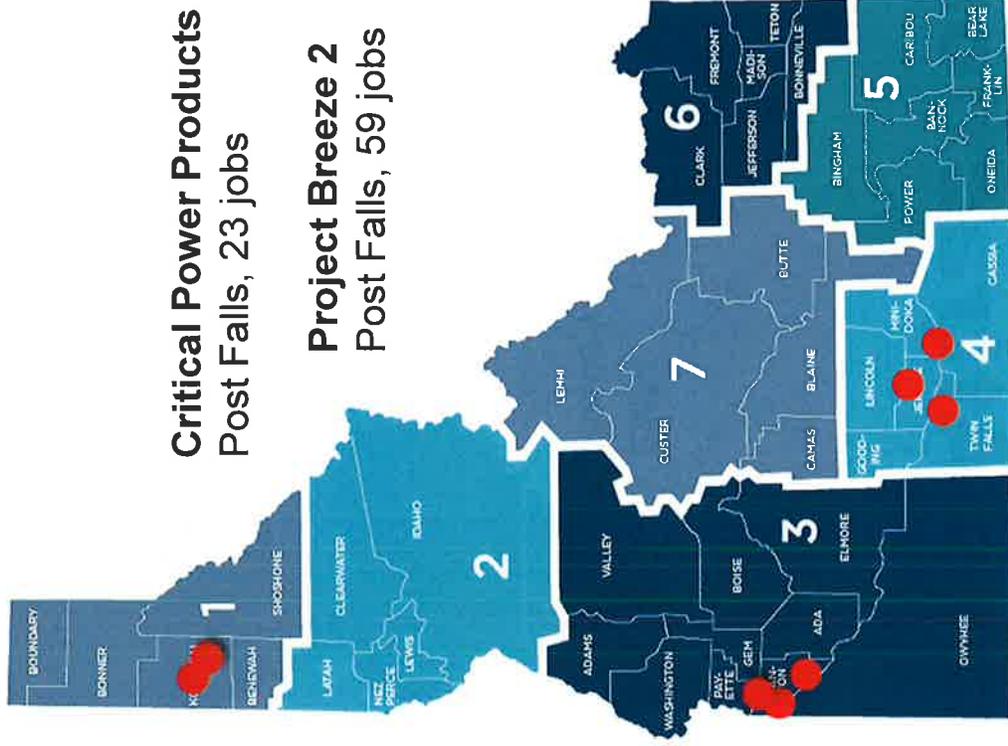
Project Green
Greenleaf, 76 jobs

Verified First
Meridian, 72 jobs

Business Attraction

Overview (2018):

- **81** Attraction Leads
- **8** Announced projects
- **1,058** Jobs



Critical Power Products
Post Falls, 23 jobs

Project Breeze 2
Post Falls, 59 jobs

Project Widget
Nampa, 180 jobs

Project Dry
Greenleaf, 50 jobs

Capital Distributing
Caldwell, 265 jobs

NewCold
Burley, 68 jobs

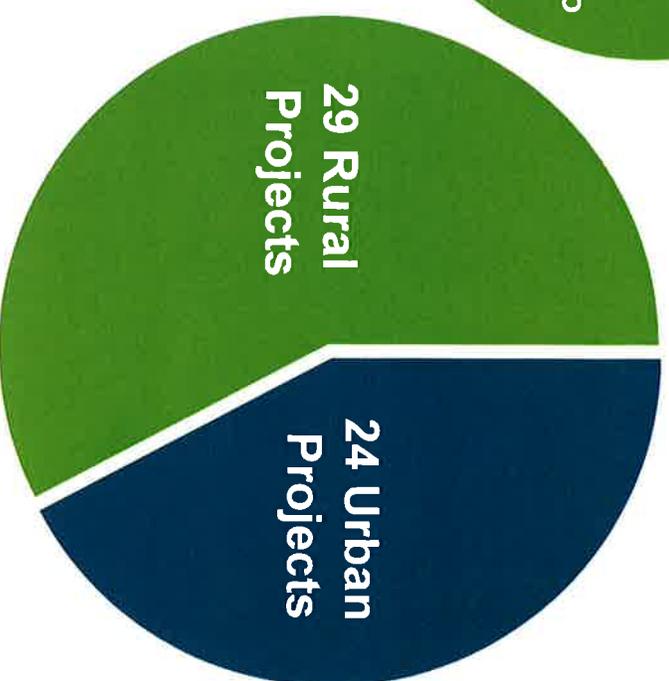
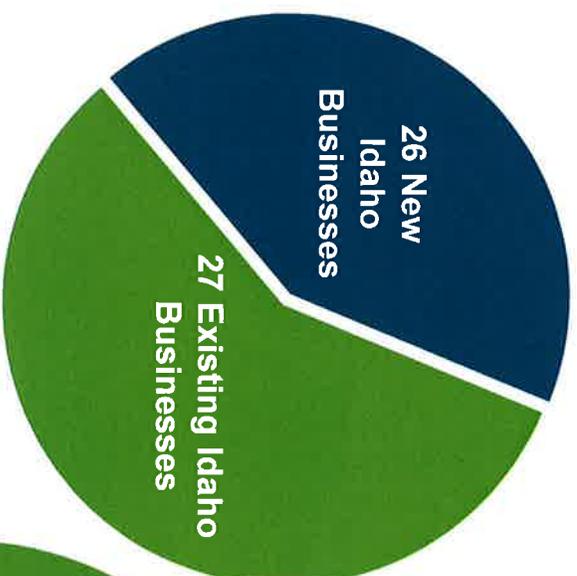
Idaho Milk Products
Jerome, 53 jobs

Thor Industries
Twin Falls, 360 jobs



TRI by the Numbers

(FY2015 - FY2019)



9,007 approved
project jobs

\$48,436 average
wage

\$458 Million total estimated
state tax revenue



International Trade

State Trade Expansion Program (STEP)

Year 6 Award – Sept 2017 – Sept 2019

- Awarded - \$343,240
- Sales Reported - \$19,599,105
- ROI – 57:1



Trade Activities

- Governor Trade Mission to Canada
- Governor Trade Mission to Taiwan/Hong Kong
- Diplomatic & FDI Trade Mission – Basque Region, Netherlands, Ireland
- Select USA

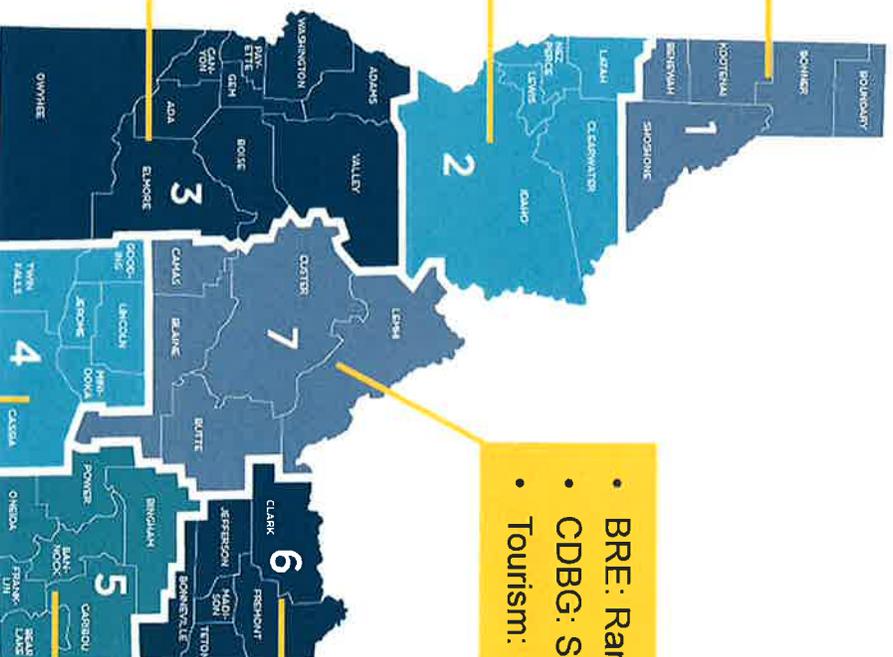
- Future Trade Mission: Mexico October 2020

We Have You Covered!

- BRE: Kim Glineski
- CDBG: Tony Tenne
- Tourism: Laurie McConnell

- BRE: Jenny Hemly
- CDBG: Tony Tenne
- Tourism: Diane Norton

- BRE: Jenny Hemly
- Kim Glineski (Elmore)
- Jerry Miller (W. Canyon)
- CDBG: Dennis Porter
- Tourism: Amy Alpers



- BRE: Randy Shroll, Jerry Miller (Blaine)
- CDBG: Sharon Deal
- Tourism: Cristin Wondergem

- BRE: Randy Shroll
- CDBG: Sharon Deal
- Tourism: Nancy Richardson

- BRE: Randy Shroll
- CDBG: Sharon Deal
- Tourism: Andrea Rayburn

- BRE: Kim Glineski
- CDBG: Dennis Porter
- Tourism: Tina Caviness

Let's Connect



commerce.idaho.gov



Idaho Commerce



@idahocommerce



Idaho Commerce



Visit Idaho



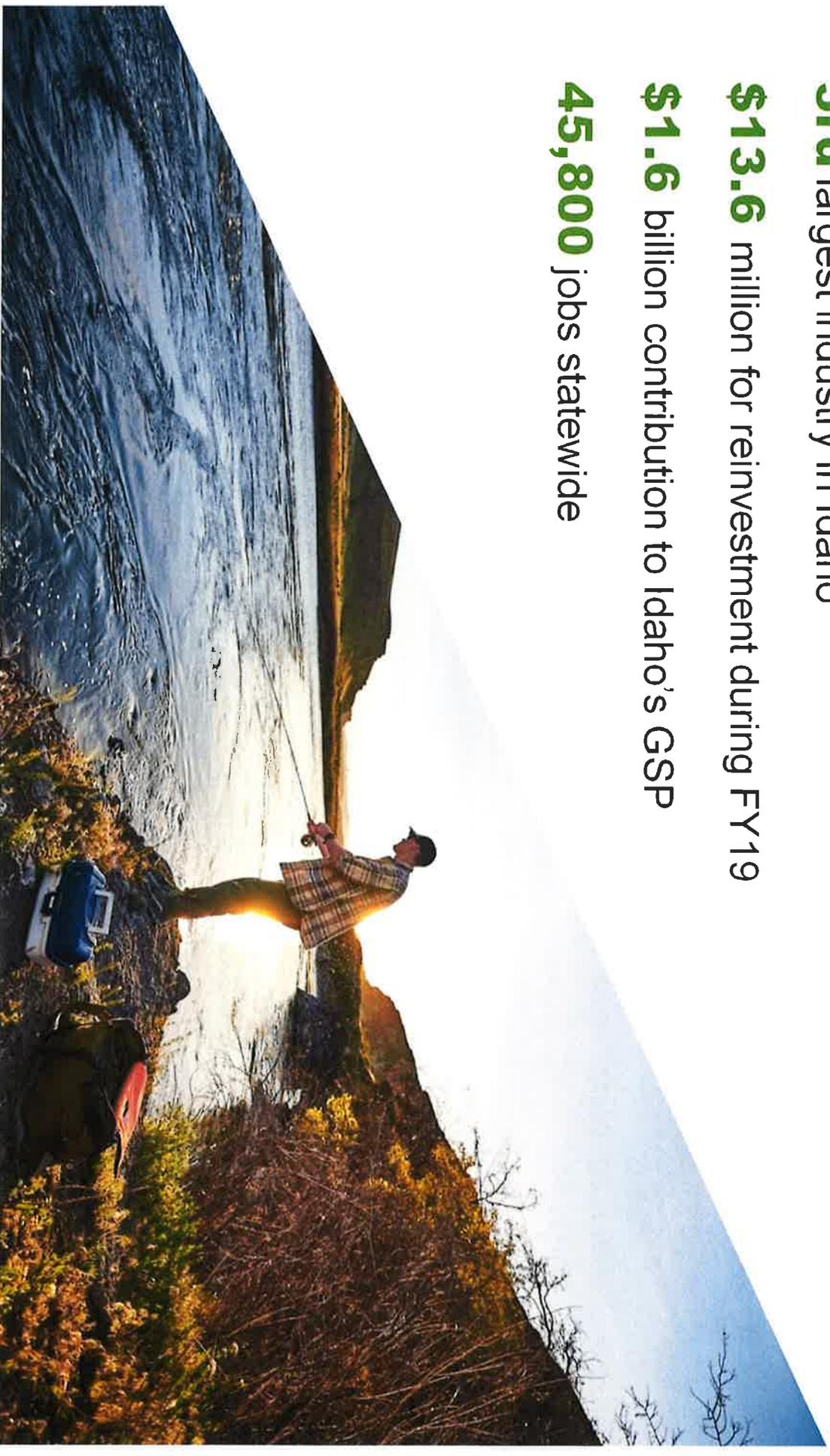
Tourism

3rd largest industry in Idaho

\$13.6 million for reinvestment during FY 19

\$1.6 billion contribution to Idaho's GSP

45,800 jobs statewide



Innovation and Technology

IGEM to date:

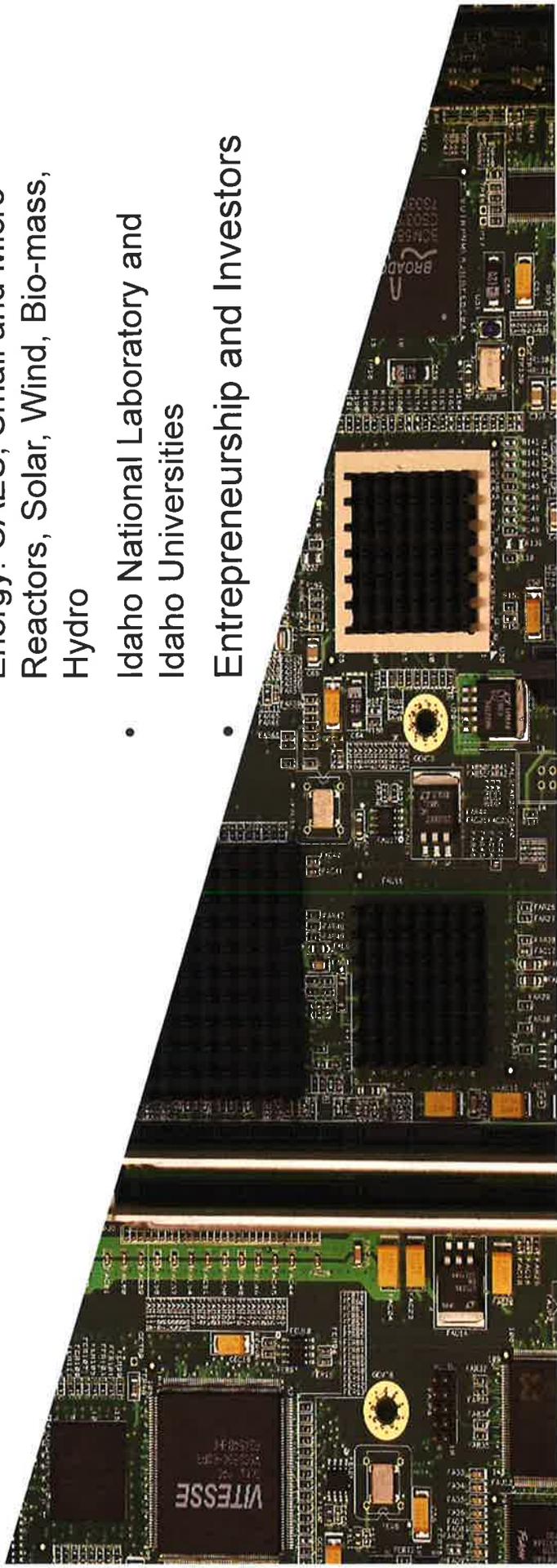
Funded **32** projects

Over **\$6.8** million invested
in innovation

University & Industry
partnerships

Technology drivers in Idaho:

- Cybersecurity: FBI, INL,
- Fin Tech: Clearwater Analytics, T-Sheets, Kount
- Ag Tech: Glanbia, Simplot, McCain, Chobani, Syngenta, New Cold
- Semi-conductors: Micron, ON
- Energy: CAES, Small and Micro Reactors, Solar, Wind, Bio-mass, Hydro
- Idaho National Laboratory and Idaho Universities
- Entrepreneurship and Investors



Growth Opportunities Near Term

Increased momentum for current and upcoming Idaho industries:

- Agriculture, food processing, timber and mining,
 - Advanced manufacturing
 - Technology, innovation and best practices
 - Tourism & Outdoor Recreation
 - Energy and nuclear industry
 - Cybersecurity
- High speed internet & broadband options
 - Capital sources
 - Opportunity zones
 - Surface and air transportation
 - Data Centers
 - Healthcare Industry
- Future industries?



WHAT IS BROADBAND?

In its simplest form, the term broadband refers to high-speed internet access that is always on and faster than dial-up. However, as demand for faster and faster internet speeds has increased, so too has the speed definition of broadband. Currently, the Federal Communications Commission defines broadband as an internet connection with a download speed of 25 Megabits per second and an upload speed of 3 Megabits per second. Fixed, terrestrial broadband is high-speed data transmission to homes and businesses that is designed for permanent, stationary use and includes fiber, cable, DSL, and fixed wireless technologies.

Mobile Broadband

High-speed internet designed for use on-the-go with seamless connectivity from one location to another.

Fixed Wireless

Broadband service provided between towers and customers using radio waves. Primarily found in rural areas.

Satellite

Broadband service provided by satellites orbiting the earth. Satellite service can be impacted by line-of-sight and latency.

Cable

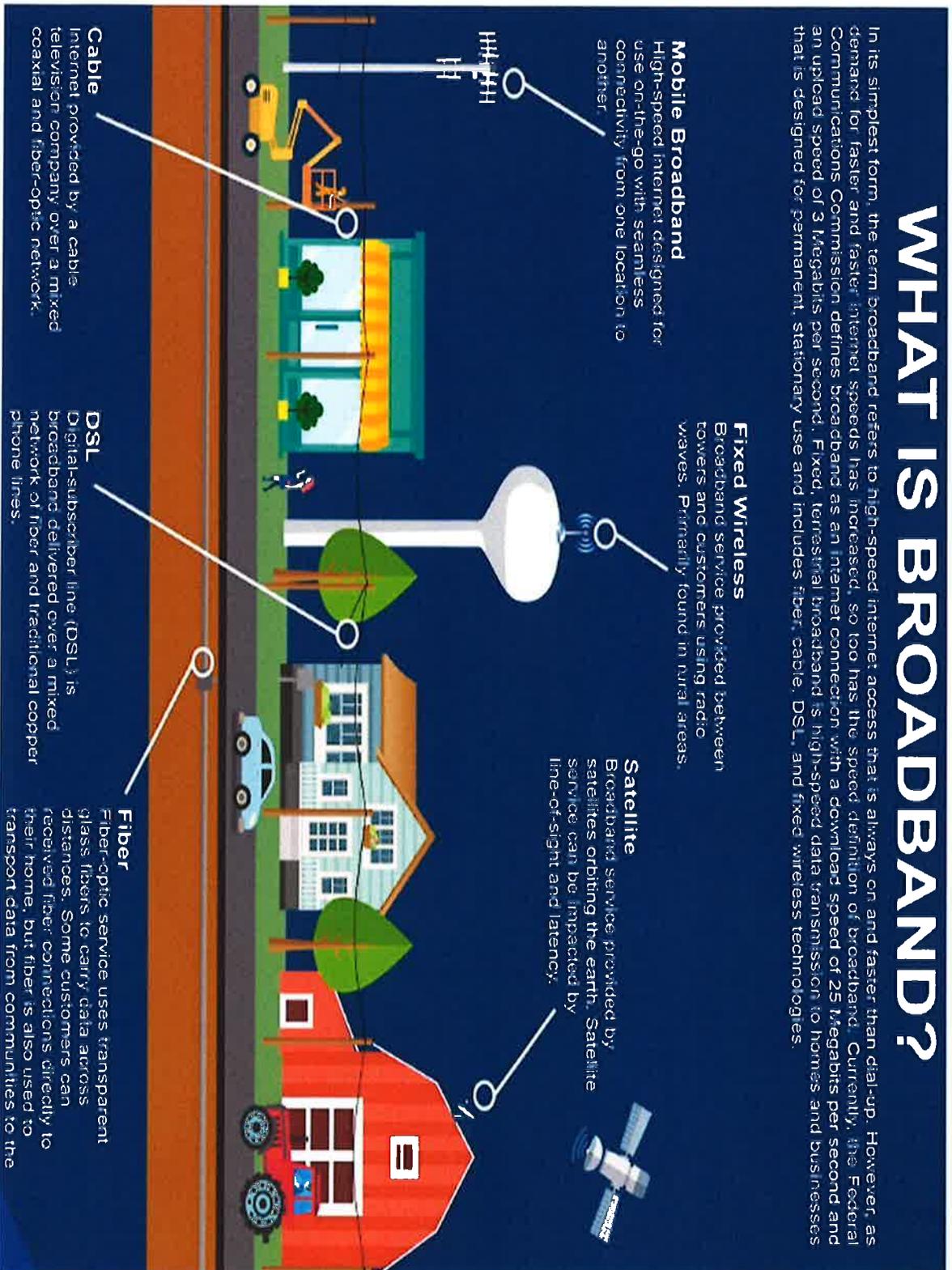
Internet provided by a cable television company over a mixed coaxial and fiber-optic network.

DSL

Digital-subscriber line (DSL) is broadband delivered over a mixed network of fiber and traditional copper phone lines.

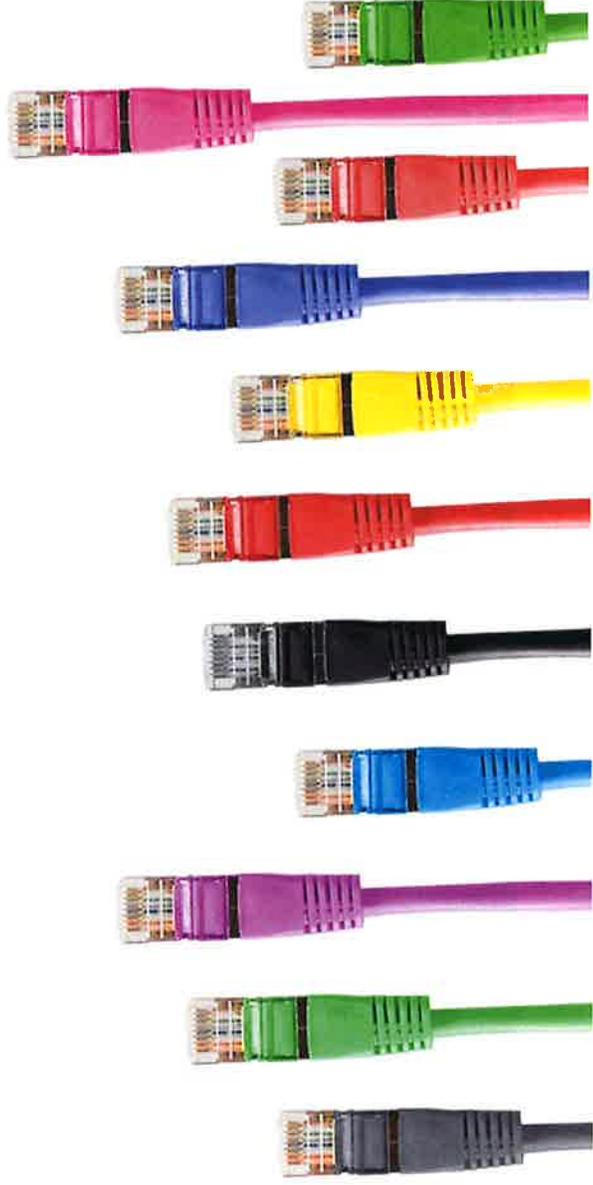
Fiber

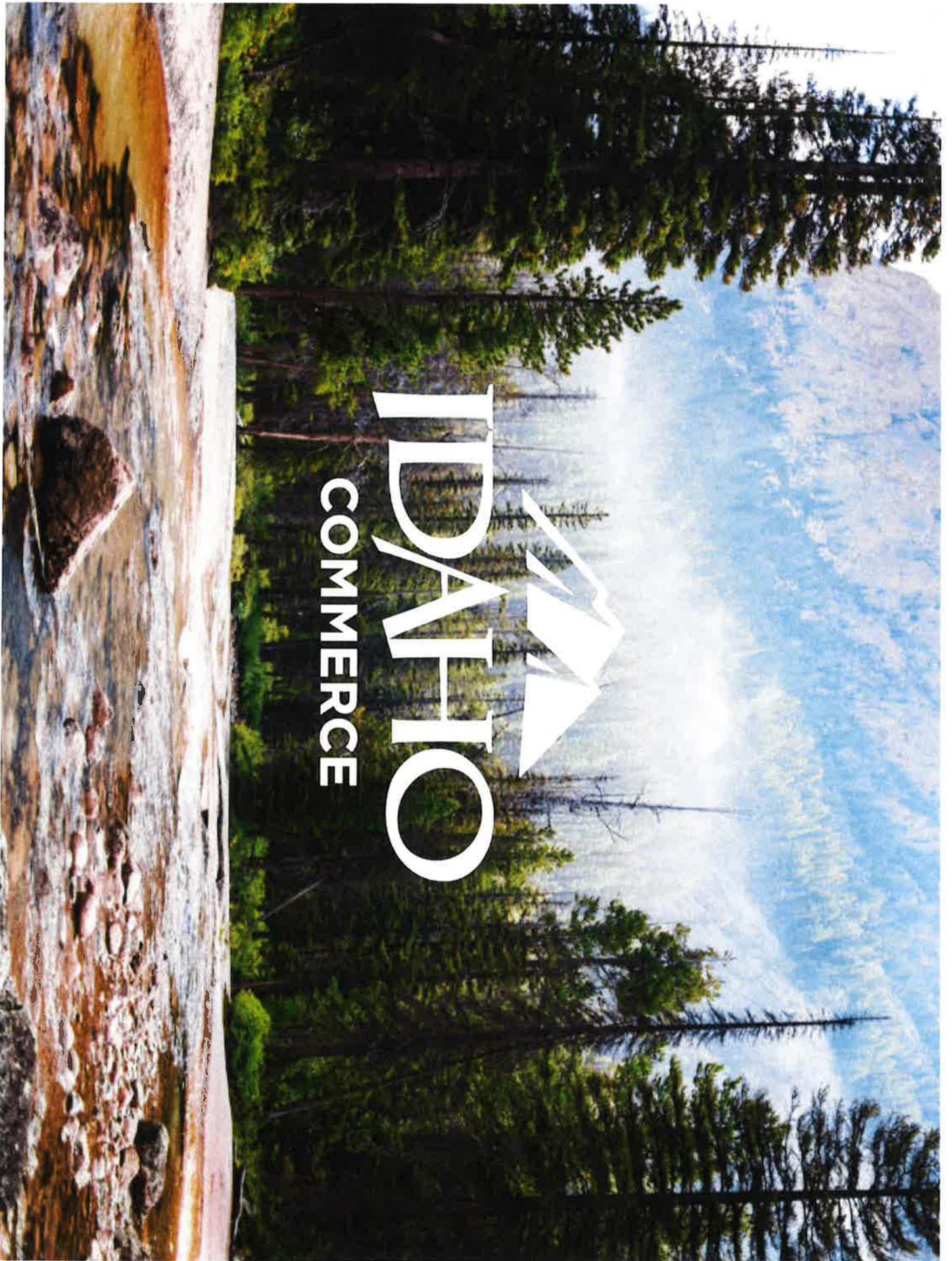
Fiber-optic service uses transparent glass fibers to carry data across distances. Some customers can receive fiber connections directly to their home, but fiber is also used to transport data from communities to the



Task Force Recommendations

- Call For Action #1: Update State Broadband Plan
- Call For Action #2: Establish a State Broadband Office
- Call For Action #3: Consider State Funding Options
- Call For Action #4: Formalize Dig Once and Hang Once Policies
- Call For Action #5: Engage on Near Term Projects





IDAHO

COMMERCE

AMENDED AGENDA #1
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE
1:00 P.M.
Room WW54
Thursday, March 12, 2020

SUBJECT	DESCRIPTION	PRESENTER
MINUTES APPROVAL:	Minutes of March 10, 2020	Senator Lakey
HONORING OF PAGE:	Kilee Bement	Chairman Patrick
GUBERNATORIAL APPOINTMENT & VOTE:	Committee Consideration of the Gubernatorial Appointment of Heidi Hart, Idaho Health Insurance Exchange Board	Heidi Hart
GUBERNATORIAL APPOINTMENT & VOTE:	Committee Consideration of the Gubernatorial Appointment of Todd Lakey, State Insurance Fund Board	Senator Lakey
<u>H 415</u>	Relating to Modular Building Fees	Ron Whitney, Deputy Administrator, Idaho Division of Building Safety
<u>HCR 036</u>	Relating to Idaho Wood Products	Representative Troy

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Patrick
Vice Chairman Agenbroad
Sen Martin
Sen Lakey
Sen Guthrie

Sen Thayn
Sen Souza
Sen Ward-Engelking
Sen Burgoyne

COMMITTEE SECRETARY

Linda Kambeitz
Room: WW46
Phone: 332-1333
Email: scom@senate.idaho.gov

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Thursday, March 12, 2020

TIME: 1:00 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Agenbroad, Senators Martin, Lakey, Guthrie, Thayn, Ward-Engelking, and Shank (Burgoyne)

ABSENT/ EXCUSED: Senator Souza

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Patrick** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:00 p.m.

MINUTES APPROVAL: **Senator Lakey** moved to approve the Minutes of March 10, 2020. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

HONORING OF PAGE: **Chairman Patrick** honored Page Kilee Bement. He asked her to tell the Committee about her experiences at the Senate. **Ms. Bement** stated she has enjoyed her time at the Senate learning about how committees process legislation and how a bill becomes a law. She remarked she also learned about statements of purpose (SOP) and parliamentary procedure. **Ms. Bement** noted she plans to graduate from high school with the completion of approximately 39 college credits. She would like to go to Northwest Nazarene University to earn a bachelor's degree in communications and a master's to become a speech pathologist.

DISCUSSION: **Senator Guthrie** and **Ms. Bement** discussed the legislative process, what changes could be made, and how to teach the public to testify before a committee.

Senator Shank asked Ms. Bement what her favorite task was and which Senator she liked the best. **Ms. Bement** remarked she was not sure she had a favorite task. However, everyone knows who you are because of the red Senate vest and the public asks questions. She stated she appreciated Chairman Patrick and the professional conversations they have had. She thanked Vice Chairman Agenbroad for sponsoring her.

Vice Chairman Agenbroad stated he was proud of her, that she could have a political future, and hoped she returned to Victory Charter School to spread the word about the page program.

GUBERNATORIAL APPOINTMENT: **Committee Consideration of the Gubernatorial Appointment of Heidi Hart, Idaho Health Insurance Exchange Board (IHIEB)**, of Meridian, Idaho, term commencing April 4, 2019 and expiring April 4, 2021. **Ms. Hart** gave a brief overview of her background and job history. **Ms. Hart** noted she wanted to be on the IHIEB as she wanted to be an advocate and a voice for those in the community who needed insurance and assistance.

DISCUSSION: **Vice Chairman Agenbroad** and **Ms. Hart** discussed challenges in the marketplace. She mentioned she wanted to help management understand what kinds of issues consumers are dealing with.

- MOTION:** **Vice Chairman Agenbroad** moved to send the Gubernatorial appointment of Heidi Hart to the Idaho Health Insurance Exchange Board to the floor with the recommendation that she be confirmed by the Senate. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.
- GUBERNATORIAL APPOINTMENT:** **Committee Consideration of the Gubernatorial Appointment of Todd Lakey, State Insurance Fund Board (SIFB)**, of Meridian, Idaho, term commencing December 1, 2018 and expiring December 1, 2022. **Senator Lakey** gave a brief overview of his background. He noted his legal background has been helpful for the SIFB.
- MOTION:** **Vice Chairman Agenbroad** moved to send the Gubernatorial appointment of Todd Lakey to the State Insurance Fund Board to the floor with the recommendation that he be confirmed by the Senate. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.
- H 415** **Relating to Modular Building Fees.** **Ron Whitney**, Deputy Administrator, Idaho Division of Building Safety (IDBS), reported this legislation will allow the IDBS and Factory Built Structures Advisory Board (FBSAB) to pass permit fee savings on to modular building manufacturers through a reduction of the permit fees provided in rule. He noted the Factory Built Structures Dedicated Fund (Fund) balance has been growing at a greater rate than is necessary to administer the modular building program. **Mr. Whitney** indicated this legislation will allow the IDBS to curtail the ongoing buildup of funds in the Fund while retaining a reserve balance that is sufficient to fund the modular building program in excess of two years. The IDBS and FBSAB were unable to accomplish the permit fee reduction through rulemaking during the past year because Idaho Code § 39-4303(1)(a) requires modular building permit fees to be "based on the 1997 Uniform Building Code Table 1-A."
- Mr. Whitney** noted this legislation will not have a fiscal impact on any general, federal, or dedicated funds. The rulemaking that results from this legislation will have a negative fiscal impact of approximately \$61,000 over the course of a fiscal year on the FBSDF due to the reduction of modular building permit fees.
- MOTION:** **Senator Thayn** moved to send **H 415** to the floor with a **do pass** recommendation. **Senator Guthrie** seconded the motion. The motion carried by **voice vote**.
- HCR 036** **Relating to Idaho Wood Products.** **Representative Troy** outlined the provisions in the bill. She noted the bill urges that federal, state, local, and other building projects include safe, renewable, and environmentally friendly wood products grown and produced in Idaho in their building and construction plans. There is no cost to the General Fund or other municipalities or other funds because there are no requirements to use the products. She noted this resolution recognizes the role timberland and loggers play in the forests.
- MOTION:** **Senator Ward-Engelking** moved to send **HCR 036** to the floor with a **do pass** recommendation. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.
- ADJOURNED:** There being no further business at this time, **Chairman Patrick** adjourned the meeting at 1:28 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary